

AGENDA

UTAH COUNTIES INDEMNITY POOL BOARD OF DIRECTORS MEETING

Thursday, October 12, 2017, 12:30 p.m.

UAC/UCIP Building, 5397 S Vine, Murray, Utah

12:30 Open Meeting, Pledge of Allegiance

Bruce Adams

ITEM ACTION

1.	Review/Excuse Board Members Absent	Bruce Adams
2.	Review/Approve August 17, 2017 Meeting Minutes	Mike Wilkins
3.	Ratification/Approval of Payments and Credit Card Transactions	Mike Wilkins
4.	Review/Approve Third Quarter Financial Statements	Sonya White
5.	Review/Approve 2018 Tentative Budget	Sonya White
6.	Review/Approve County Related Entities Membership	Mike Wilkins
7.	Review/Approve Actuarial RFP	Johnnie Miller
8.	Review/Approve Net Asset Management Policy	Johnnie Miller
9.	Review/Approve Dividend Policy	Johnnie Miller
10.	Review/Approve Amendments to the Bylaws	Johnnie Miller
11.	Review/Approve Amendments to the Interlocal Cooperation Agreement	Johnnie Miller
12.	Review/Approve Coverage Addendum Amendments	Johnnie Miller
13.	Review/Approve Best Practices for Internal Control and Governance	Johnnie Miller
14.	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	Bruce Adams
15.	Action on Personnel Matters	Bruce Adams
16.	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	Bruce Adams
17.	Action on Litigation Matters	Dale Eyre

INFORMATION

18.	AGRIP Educational Forum Report	Bruce Adams
19.	Nominating Committee Report	Mark Whitney
20.	UAC Annual Conference and UCIP Annual Membership Meeting Planning	Sonya White
21.	Claim Report	Korby Siggard
22.	Chief Executive Officer's Report	Johnnie Miller
23.	Review December Tentative Board Meeting Agenda	Johnnie Miller
24.	Other Business	Bruce Adams

Electronic Meeting Notice: 888-447-7153, Participant Passcode: 2261240 Anchor Location: 5397 S Vine, Murray, UT



Entity: Utah Counties Indemnity Pool

Body: Board of Trustees

Subject: Administrative Services

Notice Title: Board of Trustees Meeting

Meeting Location: 5397 S Vine St

Murray 84107-6757

Event Date & Time: October 12, 2017
Oct 12, 2017 - Oct 12, 2017

Description/Agenda: Open Meeting, Pledge of Allegiance
 Review/Excuse Board Members Absent
 Review/Approve August 17, 2017 Meeting Minutes
 Ratification/Approval of Payments and Credit Card Transactions
 Review/Approve Third Quarter Financial Statements
 Review/Approve 2018 Tentative Budget
 Review/Approve County Related Entities Membership
 Review/Approve Actuarial RFP
 Review/Approve Net Asset Management Policy
 Review/Approve Dividend Policy
 Review/Approve Amendments to the Bylaws
 Review/Approve Amendments to the Interlocal Cooperation Agreement
 Review/Approve Coverage Addendum Amendments
 Review/Approve Best Practices for Internal Control and Governance
 Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual
 Action on Personnel Matters
 Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation
 Action on Litigation Matters
 AGRIP Educational Forum Report
 Nominating Committee Report
 UAC Annual Conference and UCIP Annual Membership Meeting Planning
 Claim Report
 Chief Executive Officer's Report
 Review December Tentative Board Meeting Agenda
 Other Business

Notice of Special Accommodations:

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should

notify Sonya White at the Utah Counties Indemnity Pool, 5397 S Vine St, Murray, UT 84107-6757, or call 801-565-8500, at least three days prior to the meeting.

Notice of Electronic or telephone participation:

Any Member of the Utah Counties Insurance Pool Board of Trustees may participate telephonically.

Other information:

Contact Information:

Sonya White
(801)565-8500
sonya@ucip.utah.gov

Posted on:

October 11, 2017 09:59 AM

Last edited on:

October 11, 2017 09:59 AM

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**BOARD OF DIRECTORS' MEETING
MINUTES**

October 12, 2017, 12:30 p.m.

UAC/UCIP Building, 5397 S Vine, Murray, Utah

BOARD MEMBERS PRESENT

Bruce Adams, *President*, San Juan County Commissioner
Alma Adams, Iron County Commissioner
Dale Eyre, Sevier County Attorney
Victor Iverson, Washington County Commissioner
Jim Kaiserman, Wasatch County Surveyor
Mike Wilkins, Uintah County Clerk/Auditor
Mark Whitney, Beaver County Commissioner

BOARD MEMBERS ABSENT

Bret Millburn, *Vice President*, Davis County Commissioner
Karla Johnson, *Secretary/Treasurer*, Kane County Clerk/Auditor
Deb Alexander, Davis County Human Resources Director
William Cox, Rich County Commissioner
Robert Decker, Millard County Sheriff
James Ebert, Weber County Commissioner

OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer
Sonya White, UCIP Chief Financial Officer
Korby Siggard, UCIP Claims Manager

Call to Order

Bruce Adams called the meeting of the Utah Counties Indemnity Pool's Board of Directors to order at 12:30 p.m. on October 12, 2017 and welcomed those in attendance.

Review/Excuse Board Members Absent

Jim Kaiserman made a motion to excuse Deb Alexander, William Cox, Robert Decker, James Ebert, Karla Johnson and Bret Millburn from this meeting. Victor Iverson seconded the motion, which passed unanimously.

Review/Approve August 17, 2017 Meeting Minutes

The draft minutes of the Board of Directors meeting held August 17, 2017 were previously sent to the Board Members for review (see attachment number one). Mike Wilkins made a motion to approve the August 17, 2017 Board of Directors meeting minutes as written. Alma Adams seconded the motion, which passed unanimously.

Ratification and Approval of Payments and Credit Card Transactions

Mike Wilkins reported that he has reviewed the payments made, the payments to be made and the credit card transactions of the Pool as of August 18 through October 12, 2017 (see attachment number two). Mike Wilkins made a motion to approve the payments made, the payments to be made and the credit card transactions as presented. Mark Whitney seconded the motion, which passed unanimously.

Review/Approve Third Quarter Financial Statements

The in-house prepared, unaudited account balances arising from cash transactions and from accrual transactions as of September 30, 2017 were previously sent to the Board for review (see attachment number three). Sonya White presented the Statement of Net Position at the end of the third quarter showing total assets and liabilities of \$15,338,365. Liabilities include a net position of \$5,568,985, an increase of \$916,089 from the year ending 2016. The Statement of Revenues, Expenses and Changes in Net Position shows that with the year 75% complete, income is at 76%% actual to budget and expenses are at 68%% actual to budget. Losses and loss adjustment expenses are at 65%. The Statement of Cash Flows shows the net cash used by operating actives for the third quarter were: \$1,491,048. Mike Wilkins made a motion to approve the third quarter financial statements as presented. Dale Eyre seconded the motion which passed unanimously.

Review/Approve 2018 Tentative Budget

Sonya White provided the Board with the tentative 2018 budget for review (see attachment number four). Contributions are based on the rates approved by the Board at its August meeting in the amount of \$6,172,000. With investments and other income, the total projected income is \$6,254,000. Underwriting expense includes a \$300,000 increase to losses and loss adjustment expenses from the prior year; although losses are trending lower than expected in 2017, An increase in reinsurance costs of three percent anticipate the growth in member exposures. Administrative expenses include a \$5,000 increase in risk management efforts and a \$5,000 increase in financial due to increased training and use of outside attorneys. With these changes the budget shows an anticipated \$110,000 increase in surplus. Mike Wilkins made a motion to approve the tentative 2018 budget with a change to the line item titled *Financial* to be renamed *Financial and Professional Services*. Alma Adams seconded the motion, which passed unanimously. A public hearing on the budget will be held on December 21, 2017 at which time the Board will review and approve.

Review/Approve County Related Entities Membership

Mike Wilkins reported that Johnnie Miller and Sonya White met with the Piute Special Service District #1's Board Members and staff to provide assistance in assuring that the District is complying with current statute. The District does not currently have insurance. They have been put on notice of a potential loss and understand that there is no coverage in the event of a suit. The District has provided all the information necessary for membership in the Pool (see attachment number five). The Membership Committee and Pool management recommend approving membership. Alma Adams made a motion to approve the membership of the Piute Special Service District #1 in the Utah Counties Indemnity Pool. Victor Iverson seconded the motion, which passed unanimously. Coverage will begin when the Interlocal Cooperation Agreement is signed and filed.

Review/Approve Actuarial Request for Proposal

Johnnie Miller reported that the Pool's actuarial services are to be bid out every five years. Miller reviewed the request for proposal (RFP) with the Board (see attachment number six). The proposal is based on the Utah State Auditor's recommendations for professional services. The RFP will be posted on the AGRIP site, the local newspaper and emailed to qualified actuarial firms. Proposals are due no later than 5:00 p.m. on December 1, 2017. Dale Eyre made a motion to approve the Request for Proposal for Actuarial Services as presented. Mike Wilkins seconded the motion, which passed unanimously.

Review/Approve Net Asset Management Policy

Johnnie Miller provided the Board with Net Asset Management Policy that was amended earlier this year but this policy is scheduled for its annual review at this meeting (see attachment number seven). There are no changes to the policy. Victor Iverson made a motion to approve the Net Asset Management Policy as presented. Jim Kaiserman seconded the motion, which passed unanimously.

Review/Approve Dividend Policy

Johnnie Miller provided the Board with the Dividend Policy that is scheduled for its annual review at this meeting (see attachment number eight). There are no changes to this policy. Alma Adams made a motion to approve the Dividend Policy as presented. Mike Wilkins seconded the motion, which passed unanimously.

Review Approve Amendments to the Bylaws

Johnnie Miller reviewed the proposed amendments to the Bylaws with the Board (see attachment number nine). As directed at the August Board meeting, all references to *Trustee* have been changed to *Director*. It is recommended that *Article 4 Members* be amended to strike references to County Controlled Entity(ies). Miller explained that the terminology is confusing. If the county has a program, such as a Children Justice Center then they are already covered under UCIP. Any separate legal entity that is a county related entity may participate in the Pool as a member. The Municipal Building Authorities (MBAs) were created for the purpose of passing through Mineral Lease Payments. Miller recommended that MBAs can join the Pool as a separate member or possibly sign an indemnification agreement with the county. Language was added in *Article 5 Board of Directors* to include the State of Utah Department of Finance in regards to Board reimbursements. Dale Eyre made a motion to approve the amendments to the Bylaws as presented, to be effective January 1, 2018, once they amended Bylaws have been presented to the membership at their annual meeting November 16, 2017. Mike Wilkins seconded the motion, which passed unanimously. The Board directed Miller to draft a letter to the membership explaining that in an effort to protect mineral lease monies, the MBAs need to be a separate member from the counties.

Review/Approve Amendments to the Interlocal Cooperation Agreement

Johnnie Miller reviewed the proposed amendments to the Interlocal Cooperation Agreement (ICA) with the Board (see attachment number 10). Miller explained that this will be the seventh amended ICA since the inception of the Pool. As directed at the August Board meeting, all references to *Trustee* have been changed to *Director*. References to the sixth amendment have been changed to seventh. Alma Adams made a motion to approve the amendments to the Interlocal Cooperation Agreement as presented effective the date the Agreement is signed and returned by all members. Jim Kaiserman seconded the motion, which passed unanimously. The amendments will be presented to the membership at their annual meeting in November.

Review/Approve Coverage Addendum Amendments

Johnnie Miller requested that the agenda item: Review/Approve Coverage Addendum Amendments be moved to the December meeting. The Board agreed.

Review/Approve Best Practices for Internal Control and Governance

Johnnie Miller reported that as directed by the Board at its August meeting, Miller drafted Internal Controls Policies and Procedures for the Board to review (see attachment number 11). Miller outlined three areas of internal control as: 1) Governance Policies and Procedures; 2) Operational Policies and Procedures; and 3) Financial Policies and Procedures. Miller also drafted a *UCIP Board Policies Standardized Format* for the Board to review (see attachment number 12). The Board will consider the controls presented and discuss approving at their next meeting in December.

Set Date and Time for Closed Meeting

Jim Kaiserman made a motion to strike agenda item: Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual. Alma Adams seconded the motion, which passed unanimously.

Action on Personnel Matters

Jim Kaiserman made a motion to strike agenda item: Action on Personnel Matters. Alma Adams seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Dale Eyre made a motion to strike agenda item: Set Date and Time for a Closed Meeting to Discuss Pending or Reasonably Imminent Litigation. Mark Whitney seconded the motion, which passed unanimously.

Action on Litigation Matters

Dale Eyre made a motion to strike agenda item: Action on Litigation Matters. Mark Whitney seconded the motion, which passed unanimously.

AGRIP Educational Forum Report

Bruce Adams reported that he attended the AGRIP Educational Forum with Deb Alexander, Brett Millburn, Johnnie Miller and Sonya White. The conference was very good with exceptional key note addresses each day. The breakout sessions were very worthwhile. Johnnie Miller explained that with many different tracks to choose from, the Board and staff split up so that there was at least one person from UCIP in each session.

Nominating Committee Report

Mark Whitney reported that the Nominating Committee met to review the nominations received from members for the available positions on the Board (see attachment number 13). This year one At-Large representative and the Third Class Counties representative are up for election. Those nominated for the At-Large available position are: Alma Adams, Iron County Commissioner; Roland Haslam, Morgan County Councilman; and Stan Summers, Box Elder County Commissioner. Those nominated for the Third Class Counties available position are: Rodney Bennett, Box Elder County Assessor and Mike Wilkins, Uintah County Clerk/Auditor. The Committee has verified that each of these nominees is willing to serve. The Committee is tasked with selecting not more than three names to be placed on the ballot for the vote at the Annual Membership meeting in November. The Committee has approved that all nominees be placed on the ballot. Mark Whitney made a motion to approve the recommendation of the Committee and place the aforementioned nominees on the ballot for vote of the members. Dale Eyre seconded the motion, which passed unanimously.

UAC Annual Conference and UCIP Annual Membership Meeting Planning

Sonya White provided the Board with a tentative agenda for the Annual Membership meeting to be held in St. George on November 16 at 4:00 p.m. (see attachment number 14). Assignments were made for the presentations.

Claim Report

Korby Siggard delivered a semi-annual report to the Board on the losses of the Pool. Siggard charted the total amount paid, total amount incurred and total claims count for the years 2012-2016 (see attachment number 15). By line of coverage and cost, the total amount paid chart depicted losses paid to completion. Therefore, 2012 and 2013 show that member owned property was the most costly losses at almost \$1.8 million. County vehicle claims are on the rise, which cause third-party bodily injury costs to increase. The total amount incurred chart shows the effect of law enforcement claims. There is a national trend of death in custody suits. The environment being seen by the claims department is that the courts are not dismissing suits so defense costs are on the rise. The Pool is in a good position because it owns our reinsurer; just like the county members own their indemnity pool. Today, the Pool has nothing catastrophic pending with the 151 open claims. Siggard reported that there are no open claims for past members.

Victor Iverson questioned what is the Board's strategy for completion? Johnnie Miller explained that for the last three years not one member has looked at terminating their membership. The Pool's strategy is to continue to provide coverage needed by counties and county related entities so public assets are protected, to provide services by their own expert risk managers, continue to stabilize rates and ethically run an organization as a good steward of local government. Miller will be meeting with counties that have terminated. Miller explained that the reason claims were being paid for terminating members, is that when the first county terminated its membership, the language in the Interlocal Agreement was amended to accommodate that practice; although the Pool had an outside legal opinion that once a member terminated, any claims obligations terminated as well. The Board agreed that the original language regarding claims obligations for terminating members should be included in the amendments to the Interlocal Agreement to be presented to the members at their November annual meeting.

Chief Executive Officer's Report

Johnnie Miller provided the Board with the results of a Sponsoring Association Survey conducted by AGRIP (see attachment number 16). Out of 400 plus members of AGRIP, only 25 Pools responded to questions regarding the relationship between the Association of Counties and the Pool.

Chief Executive Officer's Report (continued)

Johnnie Miller reported that he and Adam Trupp, Utah Association of Counties (UAC) CEO, have been in discussions about UCIP providing more assistance in the conference planning. Trupp is looking to reorganize the duties of his current staff and had mentioned either hiring a meeting and conference planner or outsourcing the planning to a third-party. With the training events UCIP is currently planning, Miller discussed with the Board the possibility of proposing to UAC that UCIP would hire a meeting and event planner to coordinate for both UAC and UCIP. The Board directed Miller to present a training oversight proposal, to include the hiring of an event planner, to UAC.

Johnnie Miller provided the Board with County Reinsurance Limited's Annual Report for 2016 (see attachment number 17). Miller was recently appointed as the chair of the CRL Investment Committee and will be meeting with investors in November. CRL has always been proactive when it comes to coverage needs, they conduct claims audits and provided training for Pool staff. CRL is a great organization.

Review December Tentative Board Meeting Agenda

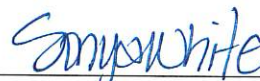
The Best Practices for Internal Control and Governance states that the *board chair reviews and approves the agenda before each meeting, inviting other board members to propose additional agenda items, if desired*. Miller provided the Board with the December 2017 proposed agenda for review (see attachment number 18).

Other Business

The next meeting of the Board of Directors will be held Thursday, December 21, 2017 at 1:30 p.m. at the UAC/UCIP Offices, 5397 S Vine, Murray, Utah.

Alma Adams made a motion to adjourn the meeting of the Utah Counties Indemnity Pool Board of Directors at 2:30 p.m. on October 12. Jim Kaiserman seconded the motion, which passed unanimously.

Prepared by:



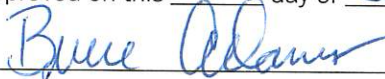
Sonya White, UCIP Chief Financial Officer

Submitted on this 21 day of December 2017



Dale Eyre, Member of the Board

Approved on this 21 day of December 2017



Bruce Adams, President

UTAH COUNTIES INDEMNITY POOL

PAYMENTS AND CREDIT CARD TRANSACTIONS

August 18 - October 12, 2017

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
500-000000-10010100 ZionsHRA					
09/08/2017	Check	BILLPAY	Marty L. Stevens	Qualified Reimbursements 05/01/2017 to 08/31/2017	-195.29
Total for 500-000000-10010100 ZionsHRA					\$ -195.29
500-000000-10010100 ZionsMLC					
08/23/2017	Check	ACH	Stirba, PC	Invoice: 91003004	-3,302.65
08/23/2017	Check	ACH	Stirba, PC	Invoice: 91003004	-115.50
08/23/2017	Check	ACH	Mylar Law, PC	Invoice: 20170104	-589.24
08/23/2017	Check	ACH	Mylar Law, PC	Invoice: 20170105	-5,837.43
08/23/2017	Check	ACH	Duchesne County	Claim: DUC0000202017	-1,786.40
08/25/2017	Check	BILLPAY	Enterprise Rent-A-Car, Inc.	Invoice: IAG4709	-119.76
08/25/2017	Check	BILLPAY	Auto Body Works & Collision Repair	Invoice: 4081	-48.70
08/25/2017	Check	BILLPAY	Clair Pitcher	Claim: WEB0005352017	-37.40
08/25/2017	Check	BILLPAY	Reis Mortensen	Claim: DAV0003712017	-30.00
08/29/2017	Check	ACH	Mylar Law, PC	Invoice: 20170106	-7,311.94
08/29/2017	Check	ACH	Mylar Law, PC	Invoice: 20170107	-7,479.00
08/29/2017	Check	ACH	Durham Jones & Pinegar	Invoice: 581660	-4,470.00
08/29/2017	Check	ACH	Durham Jones & Pinegar	Invoice: 581662	-5,321.80
08/29/2017	Check	ACH	Sevier County	Claim: SEV0000032017	-2,360.98
08/29/2017	Check	ACH	Frontier Adjusters, Inc.	Invoice: T685698	-190.00
08/30/2017	Check	BILLPAY	Rich County	Claim: RIC0000062017	-3,683.33
08/30/2017	Check	BILLPAY	Enterprise Rent-A-Car, Inc.	Invoice: IAG4709	-131.76
08/30/2017	Check	BILLPAY	Melanie Thompson	Claim: EME0000892017	-5,850.35
08/30/2017	Check	BILLPAY	Wasatch County Health Department	Claim: WCH0000022017	-700.00
08/30/2017	Check	ACH	Mylar Law, PC	Invoice: 20170119	-1,015.61
08/30/2017	Check	ACH	Strong & Hanni	Invoice: 171675	-2,447.80
09/01/2017	Check	BILLPAY	Servando Burrola	Voided - Claim: UIN0000132017 Stop Payment: 494682	0.00
09/01/2017	Check	BILLPAY	Wayne Hunsaker	Claim: RIC0000202017	-2,205.15
09/08/2017	Check	ACH	Piute County	Claim: PIU0000032017	-7,362.00
09/08/2017	Check	ACH	Weber County	Claim: WEB0000562017	-477.60
09/11/2017	Check	ACH	Hutton Law Associates, PC	Invoice: 00260	-3,493.03
09/11/2017	Check	ACH	Hutton Law Associates, PC	Invoice: 00259	-3,257.34
09/11/2017	Check	ACH	Hutton Law Associates, PC	Invoice: 00258	-12,196.19
09/11/2017	Check	ACH	Mylar Law, PC	Invoice: 20170123	-23,555.09
09/11/2017	Check	ACH	Mylar Law, PC	Invoice: 20170120	-2,841.91
09/11/2017	Check	ACH	Mylar Law, PC	Invoice: 20170122	-1,041.63
09/11/2017	Check	ACH	Dunn & Dunn, PC	Invoice: 37710	-16,786.00
09/11/2017	Check	ACH	Suitter Axland	Invoice: 1288783	-3,076.38
09/11/2017	Check	ACH	Suitter Axland	Invoice: 1288578	-10.00
09/11/2017	Check	ACH	Suitter Axland	Invoice: 1288781	-422.50

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
09/11/2017	Check	ACH	Suitter Axland	Invoice: 1288576	-112.17
09/11/2017	Check	ACH	Suitter Axland	Invoice: 1288780	-1,680.55
09/11/2017	Check	ACH	Suitter Axland	Invoice: 1288779	-3,789.63
09/11/2017	Check	ACH	Suitter Axland	Invoice: 1288777	-2,381.83
09/11/2017	Check	ACH	Suitter Axland	Invoice: 1288776	-2,241.17
09/11/2017	Check	ACH	Frontier Adjusters, Inc.	Invoice: T689836	-382.80
09/11/2017	Check	ACH	Frontier Adjusters, Inc.	Invoice: T688441	-744.00
09/11/2017	Check	BILLPAY	Clair Pitcher	Voided - Claim: WEB0005352017	0.00
09/12/2017	Check	BILLPAY	Allstate Payment Center	Invoice: 0447831330 MRT	-3,000.00
09/12/2017	Check	BILLPAY	Karen Lee	Claim: DAV0000362017	-336.26
09/19/2017	Check	ACH	Goebel Anderson PC	Invoice: 1632	-3,867.50
09/19/2017	Check	ACH	Goebel Anderson PC	Invoice: 1631	-6,457.50
09/19/2017	Check	ACH	Mylar Law, PC	Invoice: 20170127	-892.98
09/19/2017	Check	ACH	Mylar Law, PC	Invoice: 20170126	-3,264.37
09/19/2017	Check	ACH	Mylar Law, PC	Invoice: 20170124	-668.54
09/19/2017	Check	ACH	Frontier Adjusters, Inc.	Invoice: T690033	-982.85
09/19/2017	Check	ACH	Davis County	Claim: DAV0000392017	-922.65
09/19/2017	Check	ACH	Davis County	Claim: DAV0000372017	-338.20
09/19/2017	Check	ACH	Millard County	Claim: MIL0000122017	-3,116.33
09/20/2017	Check	BILLPAY	Emery County	Claim: EME0000152017	-2,044.80
09/20/2017	Check	BILLPAY	Emery County	Claim: EME0000162017	-9,350.62
09/20/2017	Check	BILLPAY	Iron County	Claim: IRO0000132017	-1,622.98
09/20/2017	Check	BILLPAY	Rich County	Claim: RIC0000112017	-69,351.31
09/20/2017	Check	BILLPAY	San Juan County	Claim: SAJ0000172017	-1,838.21
09/20/2017	Check	BILLPAY	Uintah County	Claim: UIN0000142017	-1,035.77
09/20/2017	Check	BILLPAY	Washington County	Claim: WAS0000142017	-16,132.07
09/20/2017	Check	BILLPAY	John Knippa, PhD	Invoice: 1709072	-10,951.15
09/20/2017	Check	BILLPAY	Logan Radiology Group	Invoice: 109445	-155.00
09/20/2017	Check	BILLPAY	K Bell Plumbing & Heating	Claim: DAV0000382017	-2,038.89
09/26/2017	Check	ACH	Stirba, PC	Invoice: 91003004	-11,925.50
09/26/2017	Check	ACH	Frontier Adjusters, Inc.	Invoice: T693225	-135.00
09/26/2017	Check	ACH	Weber County	Claim: WEB0000572017	-7,276.53
09/26/2017	Check	ACH	Clair Pitcher	Claim: WEB0005352017	-56.40
09/26/2017	Check	ACH	Servando Burrola	Claim: UIN0000132017	-8,000.00
09/28/2017	Check	BILLPAY	Iron County	Claim: IRO0000142017	-9,364.43
09/28/2017	Check	BILLPAY	David McPherson	Claim: JUA0000062017	-1,774.60
09/28/2017	Check	BILLPAY	Alpine Home Medical	Claim: RIC0000072017	-66.00
09/28/2017	Check	BILLPAY	Logan Regional Hospital	Invoice: C1303020577282	-1,279.31
09/28/2017	Check	BILLPAY	Bear Lake Physical Therapy	Invoice: UCI1210017	-1,067.02
09/28/2017	Check	BILLPAY	Clerk, U.S. District Court In Trust For Benefit of David Webb	Claim: WEB0004262013	-40,000.00
09/30/2017	Expense	ONLINE	Zions Bank	Monthly Service Fees	-36.00
10/11/2017	Check	ACH	Dunn & Dunn, PC	Invoice: 37711	-15,923.00
10/11/2017	Check	ACH	Hutton Law Associates, PC	Invoice: 00263	-9,287.42
10/11/2017	Check	ACH	Mylar Law, PC	Invoice: 20170143	-792.50
10/11/2017	Check	ACH	Mylar Law, PC	Invoice: 20170130	-5,607.80
10/11/2017	Check	ACH	Mylar Law, PC	Invoice: 20170141	-4,291.00
10/11/2017	Check	ACH	Mylar Law, PC	Invoice: 20170140	-11,435.20
10/11/2017	Check	ACH	Suitter Axland	Invoice: 1289016	-1,702.21

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
10/11/2017	Check	ACH	Suitter Axland	Invoice: 1289015	-3,994.76
10/11/2017	Check	ACH	Suitter Axland	Invoice: 1289014	-1,062.80
10/11/2017	Check	ACH	Suitter Axland	Invoice: 1288656	-319.21
10/11/2017	Check	ACH	Suitter Axland	Invoice: 1289008	-2,358.21
10/11/2017	Check	ACH	Suitter Axland	Invoice: 1289007	-20,453.53
10/11/2017	Check	ACH	Davis County	Claim: DAV0000352017	-2,565.64
10/11/2017	Check	ACH	Duchesne County	Claim: DUC0000032017	-2,499.99
10/11/2017	Deposit		Reis Mortensen	Stop Payment: 499690	30.00
10/11/2017	Check	ACH	Davis County	Claim: DAV0003712017	-30.00
10/12/2017	Check	BILLPAY	Rich County Ambulance Service	Invoice: RC005770	-587.67
10/12/2017	Check	BILLPAY	Rich County Ambulance Service	Invoice: RC003020	-2,273.00
10/12/2017	Check	BILLPAY	Salt Lake Legal, LLC	Invoice: 144843	-684.97
10/12/2017	Check	BILLPAY	Utah Arbitration & Mediation	Invoice: 3826	-770.00
10/12/2017	Check	BILLPAY	Bryan Povey	Claim: WHS0000252017	-530.87
Total for 500-000000-10010100 ZionsMLC					\$ -447,375.17
500-000000-10010100 ZionsMLE					
08/21/2017	Deposit			Airport Liability Subrogation	4,705.12
08/21/2017	Expense	ONLINE	Zions Bank	Monthly Service Fee	-376.00
08/23/2017	Check	ACH	Public Employees Health Program	Invoice: 0122169344	-5,598.77
08/23/2017	Bill Payment (Check)	ACH	Les Olson Company	Invoice: EA732203	-35.53
08/23/2017	Bill Payment (Check)	ACH	Object Systems International, LLC	Invoice: 9737	-315.00
08/23/2017	Check	ACH	Alma Adams	Expense Reimbursement	-208.70
08/23/2017	Check	ACH	James Kaiserman	Mileage Reimbursement	-52.43
08/23/2017	Check	ACH	William Cox	Mileage Reimbursement	-107.00
08/23/2017	Check	ACH	Karla Johnson	Mileage Reimbursement	-326.35
08/23/2017	Check	ACH	PEHP-LTD	Agency: 1076	-196.62
08/25/2017	Check	BILLPAY	Dean Coughenour	RMW Presenter Expenses (mileage, M&I)	-669.24
08/25/2017	Check	BILLPAY	Bruce Adams	Mileage Reimbursement	-324.00
08/25/2017	Check	BILLPAY	Bret Millburn	Mileage Reimbursement	-26.75
08/25/2017	Check	BILLPAY	Mike Wilkins	Mileage Reimbursement	-186.18
08/25/2017	Check	5279	Utah Retirement Systems	Confirmation: 082555504067	-7,670.45
08/29/2017	Deposit		Copart	SEV0000122017 (Salvage)	79.00
08/30/2017	Payroll Check	DD	Johnnie R. Miller	Pay Period: 08/16/2017-08/31/2017	-4,995.52
08/30/2017	Payroll Check	DD	Sonya J. White	Pay Period: 08/16/2017-08/31/2017	-1,914.10
08/30/2017	Payroll Check	DD	Korby M. Siggard	Pay Period: 08/16/2017-08/31/2017	-2,315.97
08/30/2017	Payroll Check	DD	Marty L. Stevens	Pay Period: 08/16/2017-08/31/2017	-1,975.80
08/30/2017	Tax Payment		IRS	Tax Payment for Period: 08/30/2017-09/01/2017 EFT ACKNOWLEDGEMENT NUMBER: 270764214416960	-4,623.80
08/30/2017	Tax Payment		UT State Tax Commission	Tax Payment for Period:	-1,407.28

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
				07/01/2017-07/31/2017 Confirmation: 1-029-200-640 Entity: 0036786001	
08/30/2017	Check	ONLINE	Nationwide Retirement Solutions		-2,376.72
08/30/2017	Bill Payment (Check)	ACH	Color Transfer, Inc.		-340.50
09/06/2017	Check	ACH	Johnnie Miller	Expense Reimbursement	-393.00
09/06/2017	Check	ACH	Korby M. Siggard	Expense Reimbursement	-219.94
09/06/2017	Check	ACH	Marty L. Stevens	PRIMA Per Diem & Mileage	-239.27
09/06/2017	Bill Payment (Check)	ACH	Gallagher Bassett Services, Inc.	Invoice: 15182	-168.00
09/06/2017	Deposit		Eventbrite	RMW Registrations	2,546.67
09/07/2017	Bill Payment (Check)	ONLINE	American Express	3-41009	-2,596.57
09/08/2017	Check	BILLPAY	Sonya White	Expense Reimbursement	-191.26
09/08/2017	Bill Payment (Check)	BILLPAY	Office Depot	Invoice: 956671413001	-106.35
09/08/2017	Bill Payment (Check)	BILLPAY	Office Depot	Invoice: 956671490001	-37.16
09/08/2017	Bill Payment (Check)	BILLPAY	Office Depot	Invoice: 957802778001	-107.16
09/12/2017	Check	BILLPAY	Bret Millburn	Flight Reimbursement	-422.00
09/12/2017	Check	BILLPAY	Sonya J. White	Delta Flight Reimbursement	-480.00
09/12/2017	Tax Payment		IRS	Tax Payment for Period: 09/13/2017-09/15/2017 EFT ACKNOWLEDGEMENT NUMBER: 270765733528801	-4,046.44
09/14/2017	Payroll Check	DD	Johnnie R. Miller	Pay Period: 09/01/2017- 09/15/2017 09/01/2017 to 09/15/2017	-5,269.96
09/14/2017	Payroll Check	DD	Marty L. Stevens	Pay Period: 09/01/2017- 09/15/2017 09/01/2017 to 09/15/2017	-1,815.59
09/14/2017	Payroll Check	DD	Sonya J. White	Pay Period: 09/01/2017- 09/15/2017 09/01/2017 to 09/15/2017	-1,914.11
09/14/2017	Payroll Check	DD	Korby M. Siggard	Pay Period: 09/01/2017- 09/15/2017 09/01/2017 to 09/15/2017	-2,315.97
09/15/2017	Bill Payment (Check)	ONLINE	Bankcard Center		-61.85
09/15/2017	Deposit			AMM Sponsorship	3,500.00
09/18/2017	Bill Payment (Check)	ACH	Goebel Anderson PC		-1,242.50
09/18/2017	Bill Payment (Check)	ACH	Revco Leasing Company, LLC		-447.58
09/20/2017	Check	BILLPAY	Bruce Adams	Delta AGRIP	-441.80
09/21/2017	Deposit			AMM Sponsorship	1,500.00
09/21/2017	Expense	ONLINE	Zions Bank	Monthly Service Fees	-210.97
09/25/2017	Deposit		UT PRIMA		1,000.00
09/26/2017	Check	ACH	PEHP-LTD	Agency: 1076	-194.39
09/26/2017	Check	ACH	Public Employees Health Program	Invoice: 0122196692	-5,598.77
09/26/2017	Bill Payment (Check)	ACH	End Point Corporation	Invoice: UC11703	-60.00
09/26/2017	Bill Payment (Check)	ACH	Utah Association of Counties	Invoice: 000214	-373.21
09/28/2017	Payroll Check	DD	Johnnie R. Miller	Pay Period: 09/16/2017- 09/30/2017 9/16/2017 to 09/30/2017	-5,480.92
09/28/2017	Payroll Check	DD	Korby M. Siggard	Pay Period: 09/16/2017-	-2,315.97

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
				09/30/2017 9/16/2017 to 09/30/2017	
09/28/2017	Payroll Check	DD	Marty L. Stevens	Pay Period: 09/16/2017- 09/30/2017 9/16/2017 to 09/30/2017	-1,648.36
09/28/2017	Payroll Check	DD	Sonya J. White	Pay Period: 09/16/2017- 09/30/2017 9/16/2017 to 09/30/2017	-1,914.10
09/28/2017	Check	ACH	Utah Retirement Systems	Confirmation: 092125126452	-7,608.32
09/28/2017	Tax Payment		IRS	Tax Payment for Period: 09/27/2017-09/29/2017 EFT ACKNOWLEDGEMENT NUMBER: 270767131688949	-3,596.04
09/28/2017	Tax Payment		UT State Tax Commission	Tax Payment for Period: 08/01/2017-08/31/2017	-1,423.68
09/28/2017	Check	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-2,376.72
09/28/2017	Bill Payment (Check)	BILLPAY	Office Depot	35538769	-119.46
09/28/2017	Bill Payment (Check)	BILLPAY	Office Depot	35538769	-19.85
10/02/2017	Deposit				5,943.98
10/10/2017	Bill Payment (Check)	ACH	Gallagher Bassett Services, Inc.	Invoice: 15190	-210.00
10/10/2017	Bill Payment (Check)	ACH	Whitney Advertising & Design, Inc.	Invoice: 24147	-445.15
10/10/2017	Bill Payment (Check)	ACH	Les Olson Company	Invoice: EA740447	-1,009.58
10/10/2017	Bill Payment (Check)	ACH	Revco Leasing Company, LLC	Invoice: 474161	-435.91
10/11/2017	Bill Payment (Check)	ONLINE	American Express	3-41009	-10,930.01
10/12/2017	Check	BILLPAY	Johnnie R. Miller	Expense Reimbursement	-844.20
10/12/2017	Check	BILLPAY	Sonya J. White	Expense Reimbursement	-507.93
10/12/2017	Bill Payment (Check)	BILLPAY	TCNS, Inc.	Invoice: 7146	-17.50
10/12/2017	Payroll Check	DD	Marty L. Stevens	Pay Period: 10/01/2017- 10/15/2017	-1,648.36
10/12/2017	Payroll Check	DD	Korby M. Siggard	Pay Period: 10/01/2017- 10/15/2017	-2,315.97
10/12/2017	Payroll Check	DD	Sonya J. White	Pay Period: 10/01/2017- 10/15/2017	-1,914.10
10/12/2017	Payroll Check	DD	Johnnie R. Miller	Pay Period: 10/01/2017- 10/15/2017	-5,480.93
Total for 500-000000-10010100 ZionsMLE					\$ -97,984.85



Utah Counties Indemnity Pool

FINANCIAL STATEMENTS

Quarter Ending September 30, 2017

Utah Counties Indemnity Pool

Third Quarter 2017 Financial Statements

To the Board of Trustees:

I have compiled the accompanying, in-house prepared, unaudited account balances arising from cash transactions and from accrual transactions of the Utah Counties Indemnity Pool as of September 30, 2017 to the basic financial statements.

Sonya White

Chief Financial Officer

801-307-2113

sonya@ucip.utah.gov

Reviewed this _____ day of _____, 2017

By: _____

UTAH COUNTIES INDEMNITY POOL
STATEMENT of NET POSITION
Quarter Ended September 30, 2017

	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2016</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 10,103,310	\$ 8,293,710	\$ 9,155,807
Short-term investments	191,062	386,083	296,161
Accounts receivable	-	75	103
Net pension asset	8	8	118
Prepaid expenses	651,645	235,055	609,750
TOTAL CURRENT ASSETS	<u>10,946,025</u>	<u>8,914,932</u>	<u>10,061,940</u>
INVESTMENTS	3,700,320	3,749,269	3,311,341
PROPERTY AND EQUIPMENT	536,965	538,896	538,798
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	155,055	155,055	75,814
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 15,338,365</u>	<u>\$ 13,358,151</u>	<u>\$ 13,987,893</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Reserves for losses and loss adjustment expenses	\$ 7,889,992	\$ 7,889,992	8,568,454
Accounts payable	-	27,259	(2,188)
Accrued expenses	90,129	89,555	79,865
Contributions paid in advance	1,524,964	434,156	1,459,765
TOTAL CURRENT LIABILITIES	<u>9,505,085</u>	<u>8,440,961</u>	<u>10,105,896</u>
NONCURRENT LIABILITIES			
Net pension liability	239,964	239,964	179,248
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	24,330	24,330	22,952
NET POSITION			
Net investment in capital assets	531,494	538,896	538,798
Unrestricted	5,037,491	4,114,001	3,140,999
TOTAL NET POSITION	<u>5,568,985</u>	<u>4,652,896</u>	<u>3,679,798</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 15,338,365</u>	<u>\$ 13,358,151</u>	<u>\$ 13,987,893</u>

UTAH COUNTIES INDEMNITY POOL
STATEMENTS of REVENUES, EXPENSES, and CHANGES in NET POSITION
Quarter Ended September 30, 2017

	<u>Sep 30, 2017</u>	<u>Budget</u>	<u>Over Budget</u>	<u>% of Budget</u>
OPERATING INCOME				
Contributions	\$ 4,575,022	6,115,000	(1,539,978)	75%
Investment income	127,501	75,000	52,501	170%
Other income	13,573	7,000	6,573	194%
TOTAL OPERATING INCOME	<u>4,716,096</u>	<u>6,197,000</u>	<u>(1,480,904)</u>	<u>76%</u>
UNDERWRITING EXPENSES				
Losses and loss adjustment expenses	1,935,621	3,200,000	(2,580,997)	60%
Reinsurance coverage	1,193,961	1,648,000	(1,202,213)	72%
TOTAL UNDERWRITING EXPENSES	<u>3,129,582</u>	<u>4,848,000</u>	<u>(3,783,210)</u>	<u>65%</u>
ADMINISTRATION EXPENSES				
Trustees	22,363	55,000	(32,637)	41%
Depreciation	1,930	4,000	(2,070)	48%
Risk management	47,426	55,000	(7,574)	86%
Public relations	8,180	15,000	(6,820)	55%
Office	45,608	95,000	(49,392)	48%
Financial	84,754	85,000	(246)	100%
Personnel	461,760	675,000	(213,240)	68%
TOTAL ADMINISTRATION EXPENSES	<u>672,022</u>	<u>984,000</u>	<u>(311,978)</u>	<u>68%</u>
TOTAL OPERATING EXPENSES	<u>3,801,604</u>			
NET OPERATING INCOME	<u>914,492</u>			
OTHER INCOME EXPENSES				
Unrealized loss on marketable securities	<u>1,596</u>			
TOTAL OTHER EXPENSES	<u>1,596</u>			
CHANGE IN NET POSITION	916,088			
NET POSITION AT BEGINNING OF YEAR	<u>4,652,897</u>			
NET POSITION AT END OF QUARTER	<u>\$ 5,568,985</u>			

UTAH COUNTIES INDEMNITY POOL
STATEMENTS OF CASH FLOWS
Quarter Ended September 30, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions collected	\$ 5,665,906	\$ 3,546,803
Other fees collected	13,573	15,576
Reinsurance paid	(1,610,551)	(1,592,848)
Losses and loss expenses paid	(1,935,621)	(2,516,890)
Cash paid to employees	(461,185)	(597,368)
Other administrative expenses paid	(181,074)	(260,104)
CASH FLOWS FROM OPERATING ACTIVITIES	<u>1,491,048</u>	<u>(1,404,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(94,985)	(2,846,683)
Sale of investments	290,000	2,600,000
Investment income	123,537	115,656
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>318,552</u>	<u>(131,027)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,809,600	(1,535,858)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>8,293,710</u>	<u>9,829,568</u>
CASH AND CASH EQUIVALENTS AT END OF QUARTER	<u>\$ 10,103,310</u>	<u>\$ 8,293,710</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH		
Change in net position	\$ 916,088	\$ 1,480,701
Adjustments to reconcile change in net position to		
Depreciation	1,930	3,763
Interest on investments	(127,501)	(115,833)
Increase in equity in CRL	-	(234,996)
Net outflows of resources relating to pension	-	(17,037)
Unrealized gain on investments	(1,596)	(2,029)
Accounts receivable	75	2,812
Prepaid expenses	(416,590)	3,420
Security deposits	-	10,788
Reserves for loss and loss adjustment expenses	-	(295,684)
Accounts payable	27,259	25,341
Accrued expenses	574	19,167
Contributions paid in advance	1,090,809	(2,285,242)
Total adjustments	<u>574,960</u>	<u>(2,885,530)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ 1,491,048</u>	<u>\$ (1,404,831)</u>

UTAH COUNTIES INDEMNITY POOL BUDGET

	Tentative 2018
Revenue	
Contributions	\$ 6,172,000
Investments	75,000
Other	7,000
Total Income	6,254,000
Underwriting Expense	
Losses and Loss Adjustments	3,500,000
Reinsurance	1,650,000
Total Underwriting Expenses	5,150,000
Administrative Expense	
Trustees	55,000
Depreciation	4,000
Risk Management	60,000
Public Relations	15,000
Office	95,000
Financial	90,000
Personnel	675,000
Total Administrative Expenses	994,000
Total Operating Expense	\$ 6,144,000
Change in Net Position	110,000

UCIP Membership Application Summary

Name of Entity: Piute Special Service District #1

Sponsoring County: Piute County

Type of Membership Applied for: Non-Voting

Enabling Statutes and Services Provided:

17D

Recreation, Flood Control, Garbage Collection, Roads, Weed & Insect Control,
Bookmobile, School Support

Risk Factors:

Property - \$0

Auto - \$0

Employees - 0

Liability - \$420,923

Loss History – Received notice of claim (no suit) – wrongful death

Additional Notes:

Proposed Liability Limits: \$3,000,000

Current Liability Limits: \$0

UCIP Annual Contribution: \$1,524 (minimum)

Current Insurance Premium: \$0

Staff Recommendation:

Staff met with the District Board and recommends approving membership.

Request for Proposal
TO PROVIDE ACTUARIAL SERVICES FOR
Utah Counties Indemnity Pool

SECTION I BACKGROUND INFORMATION

The Utah Counties Indemnity Pool (UCIP or the Pool) was incorporated in December, 1991, as the Utah Association of Counties Insurance Mutual (UACIM or the Mutual). In July, 2003, the Mutual was renamed the Utah Counties Insurance Pool. In December, 2011, the membership voted to change the name to the Utah Counties Indemnity Pool. The Pool is an Interlocal entity formed under UCA 11-13-101 et. seq., as amended. The Pool operates as a joint liability reserve fund under Section 63G-7-703 and 801 for counties and county related entities who enter into the Interlocal Agreement that creates UCIP. The Pool is also referred to as a "public agency insurance mutual" under the insurance statutes of the State of Utah Section 31A-1-103(7), which exempts the Pool from most of the State Insurance Code. All of the Pool's business is conducted in Utah.

UCIP pools risks in its Multiline Program for Property, including Equipment Breakdown and Automobile Physical Damage; General Liability; Public Officials Liability; Law Enforcement Liability; Employee Benefits Liability; Cyber Liability; and Auto Liability. The Workers Compensation Program is a group purchase program, and requires no actuarial services.

Total revenue was \$6,195,640 for the fiscal year ended December 31, 2016.

UCIP is required by State law to provide an annual audit of its financial statements by a Certified Public Accountant in accordance with generally accepted auditing standards. This audit must be submitted to the Office of the Utah State Auditor within 180 days after the end of the fiscal year. The estimate of required reserves is an integral part of the financial statements, and that analysis must be provided to UCIP and its independent auditors on a timely basis to meet these reporting requirements.

SECTION II OBJECTIVE AND SCOPE

UCIP desires the actuary to prepare, provide and report on:

- A. Estimates of the required reserves as of December 31, 2017. The report will estimate the ultimate incurred losses of the prior policy periods for financial statement reporting. The actuary is expected to coordinate with and respond to requests from UCIP's independent auditors for information related to the analysis of required reserves. This report must be provided no later than March 2, 2018.
- B. Indicated contributions for the January 1 to December 31, 2019 program period. This report must be provided no later than August 3, 2018.
- C. Calculation of equity by member based on total Pool equity as of December 31, 2017. Calculation of member equity must be performed in accordance with the calculation of member equity provisions of UCIP's Interlocal Agreement. This report should be provided as soon as possible after approval of the independent auditors report by the UCIP Board, but no later than August 3, 2018.
- D. Calculation of loss ratios by member, by line of coverage. This report should be available no later than March 2, 2018.

- E. Calculation of property deductible factors applicable to buildings and contents. This report should be available no later than August 3, 2018.

SECTION III REPORT REQUIREMENTS

The following lines of coverage should be analyzed individually as well as providing a compilation of all lines of coverage:

- A. Property including Equipment Breakdown (boiler) auto physical damage
- B. General Liability
- C. Law Enforcement Liability
- D. Public Officials Liability
- E. Auto Liability

In addition to the reports listed above, the actuary will be required to provide assistance, if needed, to the Pool and their independent auditors in compiling financial statements.

All reports shall be provided electronically and in bound hard copy format (up to 20 bound copies at the firm's expense).

The firm may be required to present the final reports in person to an audit committee and/or the UCIP Board of Directors at the firm's expense.

SECTION IV ACTUARIAL SERVICES TERM

If the selected actuarial firm performs satisfactorily for the calendar year 2018, it is anticipated that the same firm will be engaged to perform the actuarial services for the succeeding three (3) years, subject to an annual evaluation and UCIP Board appropriation. But, in any event, it will not exceed five (5) years.

SECTION V PROPOSAL QUALIFICATION REQUIREMENTS

Interested actuarial firms should include the following information in their proposal to perform the services identified in this RFP:

A. Profile of the Actuary

The profile of the proposers should provide general background information. This should include:

1. Draft Engagement Letter sufficient to be accepted by UCIP as is or with modification as requested by UCIP. All statements made in the proposal may be incorporated by reference or by amendment to the draft engagement letter.
2. Profile of Firm.
3. Resumes of persons who will work directly on the UCIP engagement.

4. Governmental experience and more specifically experience with Utah governmental subdivisions.
5. Insurance entity experience and more specifically experience with governmental risk pools.
6. References and more specifically references from governmental agencies, insurance companies or governmental risk pools.

B. Fees

Supply the billing rates, estimated number of billable hours, other billable expenses and a “not-to-exceed” fee for the services, inclusive of travel, per diem and all other out-of-pocket expenses. As noted in section IV, it is expected that if the selected certified public accounting firm performs satisfactorily for the calendar year 2018, it will be engaged to perform the actuarial analysis for the succeeding three (3) years. Therefore, the not-to-exceed fee information requested above should be provided on an annual basis for three (3) years.

C. Non-discrimination Clause

Affirm that the firm does not discriminate against any individual because of race, religion, sex, color, age, handicap or national origin, and that these shall not be a factor in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.

SECTION VI CONTRACTUAL ARRANGEMENTS

- A. All work papers and reports must be retained, at the actuary’s expense, for a minimum period of five (5) years after the completion of the report and made available for inspection by UCIP, government auditor’s if requested by them, auditors of entities with which UCIP transacts primary insurance, excess insurance or reinsurance, and any successor actuaries.
- B. Payment for the analysis and reports will be made upon receipt of the actuarial reports required in Section III.
- C. UCIP staff will provide claims, contribution and exposure data in electronic format for periods required to conduct the actuarial analysis contemplated in this RFP. UCIP staff will also provide other data and information which is reasonably required for the actuary to complete the services required by this RFP as their schedules permit.
- D. No proposer may withdraw its proposal for a period of thirty (30) days after the date and hour set for the delivery of proposals.
- E. Proposal price shall be valid for not less than a period of sixty (60) days after the proposal delivery date.
- F. Any exceptions or deviations from written specifications shall be shown in writing and attached to the proposal.
- G. The enclosed Non Collusion Affidavit and Business Relationship Affidavit must be signed, notarized and returned with the proposal.

- H. Contact with any members of the UCIP Board of Directors regarding this RFP may be grounds for elimination from the selection process.

SECTION VII EVALUATION OF PROPOSALS

This Engagement shall be awarded to the firm who, in the opinion of UCIP, is judged most advantageous to UCIP, considering the factors identified in this Request for Proposal and other considerations the Board considers relevant. Only the UCIP Board of Directors shall have the authority to award the Engagement.

The following criteria will be considered when making an evaluation of the proposals:

A. Technical Factors

- Responsiveness of the proposal in clearly stating an understanding of the actuarial services to be performed.
 - (a) Appropriateness and adequacy of proposed procedures.
 - (b) Reasonableness of time estimates and total hours.
 - (c) Appropriateness of assigned staff levels.
- Technical experience of the firm.
- Qualifications of staff.
- Quality of fulfillment of the terms of previous engagements or services provided UCIP or its members.
- Quality of references provided by similar clients.
- Size and structure of the firm, considering the scope of the actuarial services.

B. Cost of the Analysis and Reports

- Hourly rates and estimates of total hours.
- Travel, per-diem, out of pocket expenses and other charges.
- Not-to-exceed fee.
- Number and scope of any conditions attached to the Proposal.

C. Right to Reject

UCIP reserves the right to reject any and all proposals submitted and to request additional information from all proposers.

SECTION VIII SUBMISSION OF PROPOSALS

Two (2) copies of your proposal including the Non Collusion Affidavit and Business Relationship Affidavit must be submitted to Johnnie R. Miller, UCIP Chief Executive Officer, 5397 S Vine Street, Murray, UT 84107, no later than 5:00 p.m. Friday, December 1, 2017. Selection of the actuarial firm will be made by Friday December 22, 2017. All firms submitting proposals will be notified immediately as to the selection results. No proposal will be considered that is not received at or prior to the above time and date.

SECTION IX SOURCES OF INFORMATION

Johnnie R. Miller can be contacted at 801-307-2114 or jmiller@ucip.utah.gov for information necessary to complete the proposal. Actuarial reports and rate analysis reports from prior years will be available for inspection upon request.

NON COLLUSION AFFIDAVIT

State of _____)
) ss
County of _____)

_____, of lawful age, being first sworn on oath says that (s)he is the agent authorized by the firm to submit the attached proposal. Affiant further states that the firm has not been a party of any collusion with other firms in restraint of freedom of competition by agreement to provide a proposal at a fixed price or refrain from submitting a proposal; or with State, County, or City officials or employees as to the quantity, quality, or price in prospective contract, or any other terms of said prospective contract; or in any discussions between the firm and any State, County, or City official concerning exchange of money or any other thing of value for special consideration in the submission or acceptance of the proposal.

AFFIANT

Name

Title

Signature

NOTARY PUBLIC

Subscribed and sworn before me this _____ day
of _____, 20__.

Name

Signature

My Commission Expires: _____

BUSINESS RELATIONSHIP AFFIDAVIT

State of _____)

County of _____)

_____, of lawful age, being first duly sworn on oath states that (s)he is the agent authorized by the firm to submit the attached proposal.

Affiant further states that the nature of any partnership, joint venture, or other business relationship presently in effect or which existed within one (1) year prior to the date of this statement between the firm and UCIP or any of its officers, employees or agents is as follows:

Affiant further states that the names of all persons who have any such business relationships and the positions they hold with their respective companies or firms are as follows:

(If none of the business relationships hereinabove mentioned exists, affiant should so state)

AFFIANT

Name

Title

Signature

NOTARY PUBLIC

Subscribed and sworn before me this _____ day
of _____, 20__.

Name

Signature

My Commission Expires: _____

UTAH COUNTIES INDEMNITY POOL

NET ASSET MANAGEMENT POLICY

PURPOSE

Manage Net Asset levels to assure adequate assets to protect UCIP's financial position without holding excessive public funds as Net Assets.

GOAL

Manage Net Asset levels between 100% and 200% of annual contributions. Net Assets should be controlled within a minimum of 50% and a maximum of 250% of annual contributions.

PROCEDURE

The Board shall review the audited Net Assets as part of the Member Contribution Rate Setting Process. The Board may use the Member Contribution Rate Setting Process, Claim Reserve Deterioration Fund, Rate Stabilization Fund, and the Dividend Plan to manage and control Net Assets.

The Board conducts a Member Contribution Rate Setting Process annually in order to determine annual Member contributions in accordance with the UCIP Interlocal Agreement. In addition to the actuarial rate analysis, competitive factors and all other factors which impact the rate setting decision process, the Board shall review the audited Net Asset position in relation to this policy as part of their annual Member Contribution Rate Setting Process.

The **Claim Reserve Deterioration Fund** may be used to assure designated reserves are adequate to pay all claims assumed. This fund will be shown separately on the financial statements from the claim reserves, and will show the difference, if any, between the "expected" loss reserves identified by the actuary and the amount of reserves the Board approves to dedicate. The "expected" level provides a 60% confidence level that the reserves are adequate to pay all claims assumed. The Board should consider approving reserves in the 80% to 90% confidence level when pool performance allows.

The **Rate Stabilization Fund** may be utilized to designate surplus to cover temporary or unexpected expenses, particularly reinsurance expense, to avoid temporary rate fluctuation. As reinsurance expenses can only be estimated at the time pool rates are developed, the primary use of this fund will be to cover costs of estimates that were low when rates were developed, as this would only affect the rates for that year. Additional amounts may be set aside to account for unexpected increases in reinsurance costs or other expenses, to allow for gradual rate change over multiple years.

The **Dividend Plan** should be used to return excess Net Assets to members in the manner described in the Dividend Policy.
When determining if Net Assets are within the ranges identified in this policy, audited Net Assets shall be compared to the prior year's audited annual contributions.

CONTROL OF NET ASSET LEVELS

Net Assets should not exceed 250% of annual contributions unless the board has specific needs for such surplus which may include but not be limited to the following:

- Expectation of new membership;
- Development of a new line of coverage;
- Development of new or expanded coverage; or
- Development of new or expanded services.

Net Assets should not fall below 50% of annual contributions. If Net Assets do fall below 50%, the Board shall immediately implement a plan to increase Net Assets.

REVEIW

The Board shall review this policy annually and make any reasonable amendments to continue to meet the goal of this policy.

UTAH COUNTIES INDEMNITY POOL

DIVIDEND POLICY

PURPOSE

To assist the Board in managing Net Asset levels in accordance with the Net Asset Management Plan.

GOAL

Manage Net Asset levels between 90% and 200% of annual revenue.

PROCEDURE

If Net Assets exceed 200% of annual revenue, the Board may issue dividends. If Net Assets exceed 250% of annual revenue, the Board shall issue dividends unless the Board has specific needs for such surplus as described in the Net Asset Management Policy. Dividends may be issued as Experience Dividends and/or Equity Dividends.

Experience Dividend – If Net Assets exceed 200% of annual revenue, the Board may issue an Experience Dividend. Members with loss ratios significantly below the average member loss ratio would be eligible for an Experience Dividend. Average member loss ratio would be calculated on the year in which the dividend is issued and on a multi-year basis, at the Board's discretion.

Equity Dividend – If after an Experience Dividend is provided, Net Assets remain in excess of 200%, the Board may issue an Equity Dividend to the membership. If after the Experience Dividend is provided, Net Assets remain in excess of 250%, the Board shall issue an Equity Dividend to the membership unless the Board has specific needs for such surplus as described in the Net Asset Management Policy. For purposes of the Equity Dividend, equity will be calculated in accordance with the equity calculation in the Interlocal Agreement.

Member in Good Standing Dividend – At the time the Board issues an Experience Dividend and/or Equity Dividend the Board may also issue a Member in Good Standing Dividend to members who are not eligible for an Experience Dividend or Equity Dividend at the time of the issuance of other dividends. A Member in Good Standing Dividend may not exceed \$1,000 per Member.

When determining if Net Assets are within the ranges identified in this policy, audited Net Assets shall be compared to the prior year's audited annual contributions.

REQUIREMENTS

To receive an Experience Dividend a member must:

- Be continuing membership in the Pool for the prospective year; and
- Maintain a loss ratio significantly below the average member loss ratio; and
- Comply with specified Best Practices Program requirements as determined by the Board.

To receive an Equity Dividend a member must:

- Be continuing membership in the Pool for the prospective year; and
- Have an individual equity to annual contribution ratio of at least 100%.

To receive a Member in Good Standing Dividend a member must:

- Be continuing membership in the Pool for the prospective year.

LIMITATIONS ON DIVIDENDS

The total of Experience, Equity Dividends and Member in Good Standing Dividends shall not deplete the Pool's total Net Assets below 100% of annual contributions.

BYLAWS OF THE ~~SIXTH~~SEVENTH AMENDED INTERLOCAL AGREEMENT OF THE UTAH COUNTIES INDEMNITY POOL

These Amended Bylaws are adopted by the Board of ~~Trustees~~Directors of the Utah Counties Indemnity Pool ("Pool") in accordance with the Interlocal Cooperation Agreement entered into by the Members of the Pool, each of which hereby agrees to abide by the terms and conditions of these Amended Bylaws and all actions taken pursuant hereto.

ARTICLE 1. Authority.

- 1.1 These Bylaws are amended pursuant to the provisions of the Amended Interlocal Cooperation Agreement.
- 1.2 These Bylaws may be amended and shall continue in effect until amended as provided herein.
- 1.3 The Pool shall have all powers necessary or desirable to achieve the purposes of the Pool as set forth in the Agreement and these Bylaws.

ARTICLE 2. Definitions.

As used in these Bylaws, the following terms shall have the meaning hereinafter set out:

- 2.1 **Agreement or Amended Agreement.** The Amended Interlocal Cooperation Agreement for Utah Counties Indemnity Pool.
- 2.2 **Board of ~~Trustees~~Directors or Board.** The Board of ~~Trustees~~Directors of the Utah Counties Indemnity Pool.
- 2.3 **Board Meeting.** A meeting of the Board of ~~Trustees~~Directors where a quorum is present and for which proper notice has been provided in accordance with Utah law.
- 2.4 **Bylaws or Amended Bylaws.** The Amended Bylaws of the Utah Counties Indemnity Pool.
- 2.5 **Code.** The Utah Code, including Utah Code Ann. Titles 11, 63G and 31A, as amended from time to time.
- 2.6 **County or Counties.** One or more of the twenty-nine counties of the State of Utah.
- 2.7 **Chief Executive Officer.** The person designated by the Board of ~~Trustees~~Directors as Chief Executive Officer of the Utah Counties Indemnity Pool.
- 2.8 **Member.** A county or county related entity that is a party to the Amended Interlocal Cooperation Agreement.

- 2.9 **Membership Meeting.** A meeting of the Members of the Utah Counties Indemnity Pool where a quorum is present and for which proper notice has been provided in accordance with the Agreement and Bylaws.
- 2.10 **Officer or Officers.** The President, Vice-President, or Secretary-Treasurer elected in accordance with these Amended Bylaws.
- 2.11 **Pool.** Utah Counties Indemnity Pool, an Interlocal entity.
- 2.12 **Representative.** The person designated pursuant to Article 4.7(b) to be a Member's official representative for the purposes of the Pool.
- 2.13 **Surplus.** The amount shown as Net Assets-Position on the audited financial statements of the Pool.
- 2.14 **~~Trustee~~Director.** A natural person elected or appointed in accordance with the Agreement to a Trustee-Director position on the Board.

ARTICLE 3. Purpose.

- 3.1 The Pool is formed, financed, organized, and shall operate in accordance with the Agreement and the provisions of these Bylaws.

ARTICLE 4. Members.

- 4.1 Membership in the Pool is limited to Utah counties and county related entities that properly enter into the Agreement.
- 4.2 Counties and county related entities, including former Members, may be admitted to the Pool after its formation only upon approval of the Board and subject to the conditions set out in the Agreement, these Bylaws and such additional conditions as the Board may from time to time require.
- 4.3 County related entities may participate in UCIP ~~either as a County Controlled Entity under the membership of a participating Member, or~~ as a separate Member pursuant to the following:

~~(a) — To be eligible as a County Controlled Entity, a county related entity must:~~

- ~~i. — be approved by the participating Member County by resolution of the Member's governing body to share the coverages and limits provided to the Member by the Pool;~~
- ~~ii. — Enter into an agreement with the Member County to provide all information, assistance and cooperation for the Member County to meet the Member obligations enumerated in the UCIP Interlocal Agreement and Bylaws as if the County Controlled Entity were a department of the~~

~~Member County; and~~
~~iii. be a county related entity as described in 4.3(e)(ix).~~

~~(b)~~(a) To be eligible as a separate UCIP Member a county related entity must:

- i. have statutory authority to enter into an Interlocal Agreement;
- ii. be able to meet the Member obligations enumerated in the UCIP Interlocal Agreement and Bylaws;
- iii. be sponsored by a participating Member County by resolution of the Member's governing body; and
- iv. provide services which are beneficial to the sponsoring Member County or county government generally.

~~(e)~~(b) In addition to the requirements of eligibility under 4.3 (b):

- i. A county related entity that is an Interlocal Agency must be organized and operated pursuant to Title 11, Chapter 13 of the Utah Code;
- ii. A county related entity that is a Special Service District must be organized and operated pursuant to Title 17D, Chapter 1 of the Utah Code;
- iii. A county related entity that is a Local Building Authority or Municipal Building Authority must be organized and operated pursuant to Title 17D, Chapter 2 of the Utah Code;
- iv. A county related entity that is a Conservation District must be organized and operated pursuant to Title 17D, Chapter 3 of the Utah Code;
- v. A county related entity that is a Recreation Board must be organized and operated pursuant to Title 11, Chapter 2 of the Utah Code;
- vi. A county related entity that is a Community Development or Renewal Agency must be organized and operated pursuant to Title 17C, Chapter 1 of the Utah Code;
- vii. A county related entity that is a County Health District or multi-county Health District must be organized pursuant to Title 26A of the Utah Code;
- ~~viii. A county related entity that is a Children's Justice Center must be organized and operated pursuant to Title 67 Chapter 5b of the Utah Code;~~
- ~~ix. A county related entity that is any form of district, board or authority created for the purpose of passing through Mineral Lease Payments received by the State under the Mineral Lands Leasing Act (30 U.S.C., Section 191), and allocated to the county, may participate as a County~~

~~Controlled Entity provided:~~

~~1. The purpose of the entity is to serve as a financial conveyance of the aforementioned mineral lease payments to the benefit of the Member County; and~~

~~2. Funds conveyed through the entity are expenses of the entity and are made by an operating department of the Member County with oversight exercised by the Member County's governing body.~~

4.4 Members shall be classified as one of the following member types:

- (a) Equity Member; and
- (b) Non-equity Member.

Equity members shall be included in the calculation of equity as described in the Agreement and these Bylaws. Non-equity Members shall not be included in calculations of, nor shall they have any ownership interest in, the member equity of the pool. Non-equity Member status does not restrict those members from being included in distribution of dividends approved by the Board of ~~Trustees~~Directors, and any dividend paid to a Non-Equity Member shall be at the Board's sole discretion.

4.5 Members shall also be classified as either:

- (a) Voting; or
- (b) Non-voting members.

Members which are counties shall be voting members. Members which are not counties shall be non-voting members.

4.6 Members shall meet at least once annually. A Membership Meeting may be called by the Board or President pursuant to a procedure to be established by the Board, or upon written request executed by at least 30 percent of the Members.

- (a) Notice of any Membership Meeting shall be mailed to each Member at least 15 days in advance.
- (b) The President, Vice President, or Secretary-Treasurer of the Board shall preside at the Membership Meeting or the President's designee if no other Officer is present at the meeting.
- (c) A majority of the Members shall constitute a quorum to do business.
- (d) Proxy voting shall not be allowed.

- (e) Each Member shall be entitled to one vote on each issue before the membership at any Membership Meeting, to be cast by its representative or alternative representative if the representative is unable to vote. The representative and alternative representative shall be designated by the Member in accordance with Article 4.7(b) of the Bylaws.
- (f) The location of Membership Meetings will be as determined from time to time by the Board.

4.7 Members shall have the obligation to:

- (a) Pay promptly all contributions and other payments to the Pool at such times and in such amounts as shall be established in accordance with these Bylaws. Annual contributions are due on or before the first day of January of the applicable fund year. Members making payments, or portions thereof, postmarked after January 31 shall be charged interest calculated daily at two percent above the rate that the Pool would have earned if the contributions had been deposited with the Public Treasurers Investment Fund (PTIF).
- (b) Designate in writing a representative and one or more alternate representatives for the Membership Meetings. Each representative and alternate representative must be an elected or appointed officer or employee of a Member and must be appointed by majority vote of the governing body or by the county executive or county mayor of the Member to be the Member's official representative for the purposes of the Pool. An alternate representative may exercise all the powers of a representative during a Membership Meeting, in the absence of the representative.
- (c) Allow the Pool, its Chief Executive Officer, agents, contractors, employees and officers reasonable access to all facilities and records of the Member as required for the administration of the Pool and implementation of the Agreement, the Bylaws and policies of the Board.
- (d) Cooperate fully with the Pool's attorneys, its Chief Executive Officer, and any other agent, contractor, employee or officer of the Pool in activities relating to the purposes and powers of the Pool.
- (e) Provide information requested by the Pool, its Chief Executive Officer, and any other agent, contractor, employee or officer of the Pool, as reasonably required for the administration of the Pool.
- (f) Allow the Pool, and attorneys and others designated by the Pool, to represent the Member in the investigation, settlement and litigation of any claim within the scope of loss protection furnished by or through the Pool and also to deny coverage for any claims settled by a Member or for any monies paid by a Member toward claims without the prior written approval of the Pool.

- (g) Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board.
- (h) Report to the Pool, in the form and within the time required by the Board, all incidents or occurrences that could reasonably be expected to result in a covered claim to the Pool under the coverage agreement issued to the Member.
- (i) Report to the Pool, in the form and within the time required by the Board, the addition of new programs, facilities and exposures or the significant reduction or expansion of existing programs and facilities covered under the Coverage Addendum of these Bylaws.
- (j) Designate a Risk Management Coordinator who shall act as the Member's primary contact with the Pool.

ARTICLE 5. Board of ~~Trustees~~Directors.

5.1 The Board shall:

- (a) Perform all duties required by Utah law, the Agreement, and these Bylaws.
- (b) Obtain and provide to Members at least annually an audit of the finances of the Pool performed by an independent certified public accountant.
- (c) Provide for at least quarterly financial statements to account for income, expenses, assets and liabilities of the Pool.
- (d) Provide at least annually for an actuarial review of the Pool.
- (e) Adopt a budget annually and report the budget to the Members.
- (f) Require that fidelity bonds or appropriate insurance, in an amount to be determined by the Board, be in effect for employees of the Pool, and every other person having access to moneys of the Pool.
- (g) Appoint an Audit Committee to review the financial statements, actuarial analysis, make recommendations to the Board on the financial affairs of the Pool, and make an annual report to the members regarding the financial affairs of the Pool.
- (h) Appoint a Nominating Committee to solicit nominations for available elected ~~Trustees~~Director positions. Any elected official of a Member or any ~~Trustee~~Director may nominate eligible persons to run for available elected ~~Trustee~~Director positions. Nominations will be received at the Pool office no later than 30 days prior to the meeting at which the election is scheduled. The Pool will verify that each nominee is willing to serve if elected before forwarding the nominations to the Nominating Committee. The Nominating Committee shall

review the nominations and select by a majority vote not more than three names to be placed on the ballot for each available elected ~~Trustee-Director~~ position. A person may not be nominated and placed on the ballot for more than one available elected ~~Trustee-Director~~ position. In the event that no nominations are received for one or more available elected ~~Trustee-Director~~ positions, the President of the Board of ~~Trustees-Directors~~ can solicit nominations from the floor on the following conditions:

- i. The nominee is eligible to serve as a ~~Trustee-Director~~ in accordance with Section 5 of the Agreement; and
 - ii. The nominee, if present, expresses a willingness to serve, or, if not present, the Pool has verified that the nominee has expressed a willingness to serve.
- (i) Adopt and maintain an investment policy as an addendum to these bylaws to state the manner in which funds of the Pool may be invested.
- (j) Adopt and maintain a Coverage Addendum as an addendum to these bylaws to state the manner and extent to which Members will be indemnified from the assets of the Pool.
- (k) Exercise their responsibility to the Pool and Member counties in the following way:
- i. First, to the mission of the Pool, to maintain financial and managerial integrity, and to serve all counties fairly;
 - ii. Second, to express the needs and concerns of the counties that Board Member represents.
- 5.2 Members of the Board of ~~Trustees-Directors~~ will be reimbursed for reasonable and approved expenses incurred in attending Board meetings and in otherwise carrying out their responsibilities. UCIP will reimburse ~~Trustees-Directors~~ for in-state travel by private vehicle at the rate allowed by the ~~Internal Revenue Service-State of Utah Department of Finance~~ at the time of travel, as well as for lodging and meals at actual cost, within the guidelines for travel and expense reimbursement adopted by the State of Utah Department of Finance. For ~~Trustees-Directors~~ attending out-of-state conferences and business meetings as approved by the Board, UCIP will pay directly the registration, airfare and lodging expenses for the dates of the conference or meeting and up to two travel days for ~~Trustees-Directors~~ arranging travel through the UCIP office. ~~Trustees-Directors~~ will be paid per diem for out-of-state meals and incidental expenses for each day of the training and travel day(s) pursuant to the rates published by the ~~Office of Government Policy, General Services Administration State of Utah Department of Finance~~. ~~Trustees-Directors~~ will also be compensated for necessary transportation expenses between the airport and lodging. Receipts for airfare, lodging and necessary transportation, paid by the ~~Trustee-Director~~, are required for reimbursement. A written statement by the ~~Trustee-Director~~ will be required in place of a lost receipt. Reimbursement is made based on the

least expensive reasonable method of travel. Expenses for spouses who accompany ~~Trustees-Directors~~ to UCIP meetings or to approved out-of-state training are the responsibility of the ~~Trustee~~Director. UCIP will invoice ~~Trustees-Directors~~ for any spouse expenses paid by UCIP. However, there will be no charge for spouses attending business meals hosted by the Chief Executive Officer. Requests for reimbursement shall be submitted within 60 days of completion of a trip.

ARTICLE 6. Officers, Meetings, Procedures.

- 6.1 The principal offices of the Board shall be: president, vice-president and secretary-treasurer. The principal offices shall be held by three separate natural persons. Officers shall be elected by and from among the ~~Trustees-Directors~~, at the first Board meeting following each annual meeting of the Members. The Board shall establish the powers and duties of each officer, consistent with these Bylaws, and the Agreement. All Members of the Board shall have full voting rights. The president shall preside over meetings of the Board and of the Members and shall perform such other duties as may be prescribed from time to time by the Board and the Members. The vice-president shall exercise the powers of the president in the absence of the president, and the secretary-treasurer shall exercise the powers of the president in the absence of the president and vice-president.
- 6.2 The Board shall fix the date, time and place of regular meetings that are scheduled in advance over the course of a year. Meetings may be called by the president, or by any five Members of the Board, by written notice mailed at least ten days in advance to all ~~Trustees-Directors~~ or by unanimously executed waiver of notice. Emergency meetings of the Board may be held to consider matters of an emergency or urgent nature, after an attempt has been made to notify all Board Members and a majority votes in the affirmative to hold the meeting. Notice, including public notice, of all meetings and the agenda shall comply with applicable laws of the State of Utah.
- 6.3 Seven ~~Trustees-Directors~~ shall constitute a quorum to do business. All actions of the Board shall require a quorum and a majority vote of the ~~Trustees-Directors~~ present, except where a different vote is required by these Bylaws.
- 6.4 The Board shall adopt such policies and procedures as it deems necessary or desirable for the conduct of its business.
- 6.5 Any or all ~~Trustees-Directors~~ may participate in any meeting of the Board by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence at the meeting.
- 6.6 The Board shall establish its own rules of order that are not in conflict with the laws of the State of Utah, the Agreement, and other specific provisions of these Bylaws.
- 6.7 A ~~Trustee's-Director's~~ position may be declared vacant by official action of the Board of

~~Trustees—Directors~~ when the ~~Trustee—Director~~ has accumulated two consecutive unexcused absences at duly called meetings for which the ~~Trustee—Director~~ has received notification. Excused absences will be granted only with advance notice received by the UCIP offices or a member of the Board of ~~Trustees—Directors~~ prior to the Board meeting and approved by formal action of the Board.

ARTICLE 7. Financing.

- 7.1 All monies of the Pool, and earnings thereon, shall be held in the name of and for the use and benefit of the Pool.
- 7.2 The Board shall establish Member contributions pursuant to guidelines established by the Board from time to time.
- 7.3 Surplus of the Pool shall be attributable to the Members as equity. Equity in the Pool shall be used to satisfy the surplus requirements established by the Board and any applicable regulation, and next to repay any outstanding debentures after which refund of surplus in the form of dividends to Members may be considered. Any refund of surplus moneys shall be consistent with policies adopted by the Board.
- 7.4 Investments of monies of the Pool shall be limited to those investments permitted by the State Money Management Act, Utah Code Ann. §51-7-1 et seq. (2002), as amended.
- 7.5 Member equities in UCIP shall be calculated as follows:
 - (a) The ratio of each member's contributions to the total contributions shall be computed for each fund year.
 - (b) The member's contribution ratio shall be multiplied by the total surplus, (less any borrowed surplus), attributable to a fund year as stated in the most recent monthly financial statement. A member's total equity will be the sum of the yearly amounts for each fund year for which that member was a participating member in UCIP.
 - (c) In the event that the surplus amount is a negative number, a member's equity will be decreased using the same method of calculation as above.
 - (d) In the event of a termination of membership, the terminated member shall lose and have no claim to any equity in UCIP. The equity formerly attributed to that member for each fund year shall be allocated to the remaining counties who were members during that fund year.
 - (e) The Board of ~~Trustees—Directors~~ in its sole discretion shall determine if and when equity is distributed.

ARTICLE 8. Withdrawal and Termination.

- 8.1 Any Member may withdraw from a joint purchase program, or terminate its membership

in the Pool in accordance with the Agreement.

- 8.2 ~~Withdraw~~Withdrawal or termination from the Property/Liability program shall be considered termination of membership.

ARTICLE 9. Involuntary Termination of Membership.

- 9.1 The Board shall terminate a Member that fails to pay a contribution due the Pool within sixty days of the due date, unless time for payment is extended by the Board and payment is made within the extended period. A notice of failure to pay a contribution due the Pool shall be mailed to the Member at least 30 days prior to the date of termination. Coverage and payment of claims shall terminate effective the first date for which the unpaid contribution was calculated for. If the unpaid contribution is additional contribution resulting from an audit, coverage and payment of claims shall terminate effective on a date calculated on a pro-rata basis of the unpaid contribution to the contribution paid for the audit period. A termination of membership under this paragraph shall not be subject to the provisions of Article 9.2.

- 9.2 Any membership in the Pool may be terminated by the Board or by a three-fourths vote of the Members for failure of the Member to carry out any other obligation of the Member, subject to the following:

- (a) The Member shall receive written notice from the Board of the alleged failure and shall be given not less than 30 days in which to correct the alleged failure, along with notice that termination of membership could result if the failure is not corrected.
- (b) The Member may request a hearing before the Board prior to the termination. The request shall be made in writing to the Board at least ten business days before the end of the period given by the Board to correct the alleged failure. The Board shall present the case for termination of membership at the hearing and the affected Member may present its case. A Board Member of the affected Member shall not be counted in determining a quorum or the number of votes required, nor shall the Board Member representative of such Member be entitled to vote on the termination.
- (c) If a request for hearing is not received pursuant to Article 9.2(b) of the Bylaws and if the failure is not corrected within the time required by the Board's notice, or any extension of such time as the Board may grant, the Board may terminate the membership.
- (d) The Board shall provide the Member at least ten days prior written notice of the time and place of any requested hearing, and the proposed termination of membership may not take effect until such time after the conclusion of any hearing as the Board may set.

- 9.3 Termination of membership shall be in addition to any other remedy that may exist.

- 9.4 A Member shall lose all voting rights and any claim of title or interest to any asset of the Pool upon involuntary termination of its membership to the same extent as if the termination were voluntary. The coverage and payment of claims after the effective date of a Member's termination shall be consistent with the Agreement and these Bylaws.

ARTICLE 10. Dissolution and Disposition of Property.

- 10.1 The Pool may be dissolved by the Members as provided in the Agreement. In the event of voluntary dissolution of the Pool, the assets of the Pool not used or needed for the purposes of the Pool, including its contractual obligations, shall be distributed, as determined by the Board, only to Utah counties which are Members of the Pool at the time of dissolution. The Members of the Pool at the time the vote is held to dissolve the Pool shall continue to be considered Members of the Pool until the final disposition of property and dissolution of the Pool is complete.
- 10.2 Upon partial or complete dissolution of the Pool by the Members in accordance with the Agreement, the ~~Trustees-Board~~ shall determine, consistent with these Bylaws, all other matters relating to the disposition of property and dissolution of the Pool by a two-thirds vote of all ~~TrusteesDirectors~~.
- 10.3 The Board shall serve as ~~trustees-directors~~ for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Pool. Any vacancy in the position of an elected ~~Trustee-Director~~ after disposition of the Pool has begun may be filled by majority vote of the remaining ~~Trustees-Directors~~ until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy for the unexpired term.

ARTICLE 11. Liability of Board, Officers and Employees.

- 11.1 It is the intent of the Pool to provide the broadest possible immunity from personal liability to each ~~TrusteeDirector~~, officer, and employee of the Pool allowed by applicable laws of the State of Utah including, but not limited to, the Governmental Immunity Act, the Corporations Code and the Insurance Code, as amended from time to time. The Pool shall defend and indemnify the ~~TrusteesDirectors~~, officers and employees of the Pool against any and all expense, including attorney fees and liability expenses, sustained by them or any of them in connection with any suit or suits which may be brought against them involving or pertaining to any of their acts or duties to the fullest extent allowed by the laws of the State of Utah. The Pool shall purchase liability or other appropriate insurance providing coverage for the ~~TrusteesDirectors~~, officers and employees of the Pool. Nothing herein shall be deemed to prevent compromises of any litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

ARTICLE 12. Arbitration.

- 12.1 To the extent permitted by any applicable reinsurance or excess insurance, if the Board or its

authorized representative and a Member disagree on whether a loss is covered through the Pool or on the amount of a covered loss, the Board or its authorized representative or the Member may request that the disagreement be submitted to binding arbitration as follows:

- (a) Unless otherwise agreed by the Board or its authorized representative and the Member, three persons shall be selected for the arbitration panel, one by the Board or its authorized representative, one by the Member, and one by the two so selected to act as umpire to decide the items upon which the other two disagree. If the two so selected fail for fifteen days to agree upon the umpire, the dispute of coverage shall be submitted to the American Arbitration Association for arbitration pursuant to their standard rules and regulations.
- (b) The decision of the panel shall be binding on the Board or its authorized representative and the Member.
- (c) The Pool shall pay the fees and expenses of the panelist selected by the Board or its authorized representative, the Member shall pay the fees and expenses of the panelist selected by it, and the fees and expenses of the umpire shall be shared equally by the Pool and the Member.

ARTICLE 13. General Provisions.

- 13.1 The laws of Utah shall govern the interpretation and performance of these Bylaws.
- 13.2 In the event that any portion of these Bylaws is held invalid or unenforceable, such invalidity or unenforceability shall not affect other portions, and these Bylaws are expressly declared to be severable.
- 13.3 These Bylaws do not relieve any Member of any obligation or responsibility imposed upon it by law except to the extent that actual and timely performance thereof by the Pool satisfies such obligation or responsibility.
- 13.4 All moneys received by the Pool are public funds, including earned interest, derived from its Members, which are counties and county related entities within the State of Utah.
- 13.5 It is the intention of the Members that the Pool and any income of the Pool not be subject to taxation. The Board and the Members shall cooperate in such respects, including amending these Bylaws, as reasonably necessary to establish and maintain the non-taxable status of the Pool.
- 13.6 Except as permitted in these Bylaws, the Agreement and amendments thereto, neither the Board nor any other person or entity is authorized to incur liabilities or obligations or enter into contracts on behalf of the Members.
- 13.7 In the event of the payment of any loss by the Pool under this Agreement, the Pool shall be subrogated to the extent of such payments to all the rights of the Member against any

other person or other entity legally responsible for damages for such loss, and in such event the Member agrees to render all reasonable assistance to effect recovery.

ARTICLE 14. Conflict of Interest and Disclosure.

- 14.1 ~~Board Members~~Directors and the Chief Executive Officer shall not request, receive, or accept a gift or loan for themselves or another if:
- (a) It tends to influence the ~~Board Members~~Director or the Chief Executive Officer in the discharge of his or her official acts as a ~~Board Member~~Director or Chief Executive Officer; or
 - (b) She/he within two years has been involved in any official act directly affecting the donor or lender or knows that he/she will be involved in any official act directly affecting the donor or lender in connection with his or her membership on the Board or as the Chief Executive Officer.
- 14.2 The prohibition set forth in Section 1 above shall not apply to:
- (a) An occasional nonpecuniary gift, insignificant in value; or
 - (b) An award publicly presented in recognition of public service; or
 - (c) A commercially reasonable loan made in the ordinary course of business by an institution authorized by the laws of the state to engage in the business of making loans; or
 - (d) A political campaign contribution, provided that such gift or loan is actually used in a political campaign and is subject to Utah law regarding such gift or loans.
- 14.3 ~~Board Members~~Directors shall disqualify themselves from participating in any official action of the Board that affects a business in which that ~~Board Member~~Director has a financial interest as defined in Sections 67-16-8 and 67-16-9 Utah Code Annotated 1953 as amended.
- 14.4 ~~Board Members~~Directors shall not acquire a financial interest at a time when they believe or have reason to believe that it will be directly affected by their official action on the Board.
- 14.5 ~~Board Members~~Directors and the Chief Executive Officer shall not use or divulge to any person confidential information acquired by virtue of their membership on, or participation with, the Board for their or another's private gain. Confidential information for the purpose of this paragraph shall be defined as all information disclosed or discussed in any meeting of the Board which is confidential under law, statute or practice and which is otherwise not available to the public.

- 14.6 The Chief Executive Officer and Chief Financial Officer of the Pool and each ~~Board Member~~Director shall complete a disclosure form provided by the Pool at the first meeting of the Board during each fund year, or at the first meeting attended by a new CEO, CFO or ~~Board Member~~Director. That completed form shall affirm the person's awareness of this bylaw requirement and either state that no described conflicts exist, or make all required disclosures.
- 14.7 The information on the disclosures, except for the valuations attributed to the reported interests, shall be made available by the Secretary of the Board for inspection by any UCIP Member county representative. The valuation shall be confidential for all purposes except for proceedings for violation of the disclosure requirement of these bylaws.

ARTICLE 15. Conflict of Interest of Defense Counsel.

- 15.1 Defense provided to Members by the Pool under the Bylaws Coverage Addendum shall be provided by attorneys listed on the UCIP Defense Attorney list recommended by the Litigation Management Committee and approved by the Board of ~~Trustees~~Directors.
- 15.2 As the UCIP defense counsel is provided to assist the County Attorney in fulfilling their statutory obligation to defend officers and employees of the county under U.C.A. 63G-7-902 and 17-18a-5-501, UCIP defense counsel must be approved by the Member County Attorney. If the Member County Attorney waives the use of UCIP defense counsel by not approving defense counsel selected by UCIP from the UCIP Defense Attorney list, UCIP will owe no obligation to provide defense counsel to the Member or any of its officers or employees.
- 15.3 Attorneys listed on the UCIP Defense Attorney list shall not represent or consult with any plaintiff in any civil action in which any defendant is a UCIP Member.
- 15.4 Attorneys employed by, or associated with, law firms listed on the UCIP Defense Attorney List shall not represent or consult with any party in a civil action adverse to any person or entity covered by UCIP.
- 15.5 Attorneys employed by, or associated with, law firms listed on the UCIP Defense Attorney List shall not represent or consult with any defendant in a criminal action prosecuted by the County Attorney's Office of any Member County.
- 15.6 Attorneys listed on the UCIP Defense attorney list shall not represent or consult with any elected official or employee of any Member County in their official or individual capacity without the express consent of UCIP. Attorneys listed on the UCIP Defense Attorney list shall agree that such consent may place them in a conflict of interest position which would exclude them from consideration of being assigned as defense counsel on actions filed against the elected official or the Member with which they serve.
- 15.7 Conflicts as described above may be waived only after full disclosure to, and written agreement of, the involved Member and UCIP.

Dated this 01 day of September 2016

By: _____
Print Name: _____ Bruce Adams
Title: _____ President

ATTEST:

By: _____
Print Name: _____ Karla Johnson
Title: _____ Secretary/Treasurer
Date: _____ 09/01/2016

~~SIXTH-SEVENTH~~ AMENDED INTERLOCAL COOPERATION AGREEMENT

THIS IS THE ~~SIXTH-SEVENTH~~ AMENDED INTERLOCAL COOPERATION AGREEMENT made and entered into by and between members of the Utah Counties Indemnity Pool, a political subdivision of the State of Utah, each of which hereby agrees to abide by the terms and conditions of this ~~Sixth-Seventh~~ Amended Agreement and all actions taken pursuant hereto.

WITNESSETH:

WHEREAS, pursuant to the provisions of the Interlocal Cooperation Act, Utah Code Ann. §11-13-101 et. seq., 1953 as amended, the Governmental Immunity Act, § 63-30-1 et. seq., 1953 as amended, and the Utah Insurance Code, Utah Code Ann. § 31A-1-103, 1953 as amended, public agencies, including political subdivisions of the State of Utah as therein defined, are authorized to enter into written agreements with one another for joint or cooperative action to establish a liability reserve fund (referred to in the Code as a “public agency insurance mutual”); and

WHEREAS, the governing bodies of counties located in the State of Utah, by entering into an Interlocal Cooperation Agreement, formed the Utah Association of Counties Insurance Mutual, which began operations on or about January 1, 1992, as a public agency insurance mutual; and

WHEREAS, the governing bodies of the Members of the Utah Association of Counties Insurance Mutual, on or about August, 21, 2003, amended the original Interlocal Cooperation Agreement, making various corrections and updating references, by approving and adopting the first Amended Interlocal Agreement; and

WHEREAS, the governing bodies of the Members of the Utah Association of Counties Insurance Mutual amended the first Amended Interlocal Cooperation Agreement, on or about June 2, 2006, changing the name of the Utah Association of Counties Insurance Mutual to the Utah Counties Insurance Pool, by approving and adopting the second Amended Interlocal Agreement; and

WHEREAS, the governing bodies of the Members of the Utah Counties Insurance Pool amended the second Amended Interlocal Cooperation Agreement, on or about January 22, 2008, making various corrections and updating references, by approving and adopting the Third Amended Interlocal Agreement; and

WHEREAS, the governing bodies of the Members of the Utah Counties Insurance Pool amended the Third Amended Interlocal Cooperation Agreement, on or about December 3, 2010, making various corrections and updating references, by approving and adopting the Fourth Amended Interlocal Cooperation Agreement; and

WHEREAS, the Members of the Utah Counties Insurance Pool approved the amendments to the Fourth Amended Interlocal Cooperation Agreement, on or about December 1, 2011, changing the name of the Utah Counties Insurance Pool to the Utah Counties Indemnity Pool, by approving and adopting the Fifth Amended Interlocal

Cooperation Agreement; and

WHEREAS, the governing bodies of the Members of the Utah Counties Indemnity Pool ~~now desire to amend~~approved the amendments to the Fifth Amended Interlocal Cooperation Agreement on or about December 1, 2013, to make various changes, corrections and updating references by approving and adopting ~~this the~~ Sixth Amended Interlocal Cooperation Agreement; and

WHEREAS, the governing bodies of the Members of the Utah Counties Indemnity Pool now desire to amend the Sixth Amended Interlocal Cooperation Agreement to make various changes, corrections and updating references by approving and adopting this Seventh Amended Interlocal Cooperation Agreement;

NOW, THEREFORE, the parties do mutually agree as follows:

Section 1. EFFECTIVE DATE; DURATION.

1. This ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement shall become effective and shall enter into force, within the meaning of and in accordance with the Interlocal Cooperation Act, upon the:
 - (a) Submission of this ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement to, and the approval and execution hereof by resolution of the governing bodies of each of the parties
 - (b) Approved as to form and compliance with applicable law by the attorney for the governmental entity entering into this Agreement; and
 - (c) Filed with the person who keeps the records of the governmental agency entering into this Agreement, and with the keeper of records of the Pool.
2. The term of this ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement shall be fifty (50) years, pursuant to Utah Code Ann. §11-13-204, 1953 as amended, unless renewed as permitted by law, or until earlier dissolved as provided herein.

Section 2. CREATION OF A SEPARATE LEGAL ENTITY.

The parties to this agreement through their respective governing bodies and pursuant to the provisions of Utah Code Ann. §11-13-203, 1953 as amended, hereby create a legal entity to be known as the Utah Counties Indemnity Pool to provide the services described herein.

Section 3. PURPOSES.

This ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement has been established and entered into between the members of the Utah Counties Indemnity Pool (herein referred to as the Pool) for the following purposes:

1. To comply with the Utah Interlocal Cooperation Act and other applicable laws of the State of Utah; and
2. To ratify the previous formation of a group-funded Pool to fund losses through a joint liability reserve fund for liability losses, joint self-insurance for loss to member property, joint purchase of insurance, joint purchase of reinsurance or excess insurance, or other lawful manner, certain liabilities of member Utah counties, as permitted by the Utah Insurance Code and determined by the Board, with the powers set forth in the Amended Bylaws of the Pool (herein referred to as the Amended Bylaws); and
3. To provide, through the Pool, certain claims and risk management services related to the liabilities so funded, and assist members in reducing and preventing such liabilities; and
4. To provide other services and functions as permitted by law.

Section 4. MEMBERS.

1. Membership in the Pool is limited to Utah counties and such other governmental entities allowed under its Amended Bylaws.
2. Members shall have such powers and authorities as provided herein and as set forth in the Amended Bylaws. Such powers shall include, but not be limited to:
 - (a) Voluntarily dissolve the Pool, but only at a meeting at which a majority of all Members, whether present at the meeting or not, vote in favor of the dissolution.
 - (b) Appoint or select members of the Pool Board of ~~Trustees~~Directors, in accordance with this Agreement, the Amended Bylaws and the Interlocal Cooperation Act.

Section 5. BOARD OF TRUSTEES.

The Pool shall be governed by a Board of ~~Trustees~~Directors. The Members delegate powers and authorities to the Board of ~~Trustees~~Directors as provided herein and as set forth in the Amended Bylaws.

1. The Board shall be comprised of thirteen persons in the following manner:
 - (a) One ~~Trustee~~Director, appointed by the governing body of Davis County, representing Davis County;

- (b) One ~~Trustee~~Director, appointed by the governing body of Washington County, representing Washington County;
 - (c) One ~~Trustee~~Director, appointed by the governing body of Weber County, representing Weber County;
 - (d) One ~~Trustee~~Director, elected by Member counties of the third class, representing counties of the third class;
 - (e) One ~~Trustee~~Director, elected by Member counties of the fourth class, representing counties of the fourth class;
 - (f) One ~~Trustee~~Director, elected by Member counties of the fifth and sixth class, representing counties of the fifth and sixth class;
 - (g) Three ~~Trustees~~Directors, elected by all Member counties, representing all counties at large;
 - (h) One ~~Trustee~~Director, appointed by the Board, shall be an Auditor of a Member county, who serves as the Chair of the Audit Committee;
 - (i) One ~~Trustee~~Director, appointed by the Board, shall be a Sheriff of a Member county, who serves as the Chair of the Law Enforcement Committee;
 - (j) One ~~Trustee~~Director, appointed by the Board, shall be a County Attorney or Deputy County Attorney of a Member county, who serves as the Chair of the Litigation Management Committee and;
 - (k) One ~~Trustee~~Director, appointed by the Board, shall be a Personnel Director of a Member county, who serves as the Chair of the Personnel Committee.
2. The terms of the members of the Board of ~~Trustees~~Directors shall be as follows:
- (a) ~~Trustees~~Directors serving pursuant to subsections (a)-(c) shall serve at the pleasure of the governing bodies of the Member.
 - (b) ~~Trustees~~Directors serving pursuant to subsections (d)-(g) shall be designated as "Elected ~~Trustees~~Directors" and serve four-year overlapping terms.
 - (c) ~~Trustees~~Directors serving pursuant to subsections (h)-(k) shall serve four-year terms and may be reappointed to subsequent terms by the Board.

- (d) ~~Trustees-Directors~~ serving pursuant to subsections (h) and (i) shall serve a four-year term ending on December 31 in even numbered years between presidential elections.
 - (e) ~~Trustees-Directors~~ serving pursuant to subsections (j) and (k) shall serve four-year terms ending on December 31 of presidential election years.
- 3. Each ~~Trustee-Director~~ must be a resident of the State of Utah.
- 4. No person convicted of a felony may serve as a ~~Trustee-Director~~.
- 5. Each ~~Trustee-Director~~ shall be an elected or appointed officer or an employee of a Member.
 - (a) ~~Trustees-Directors~~ serving pursuant to subsections (a)–(c) shall be a member of the Member’s governing body.
 - (b) ~~Trustees-Directors~~ serving pursuant to subsections (d)–(i) shall be elected or appointed officers of the Member.
 - (c) ~~Trustees-Directors~~ serving pursuant to subsections (j)–(k) shall be an elected or appointed officer or an employee of a Member
- 6. Election of ~~Trustees-Directors~~ shall take place at the annual Membership Meeting. Elected ~~Trustees-Directors~~ shall assume office at the first Board meeting of the calendar year following their election.
- 7. The Board of ~~Trustees-Directors~~ shall elect a Nominating Committee from its members. The Nominating Committee shall solicit nominations for available elected ~~Trustee-Director~~ positions in accordance with the Amended Bylaws.
- 8. A vacancy shall occur on the Board when a ~~Trustee-Director~~:
 - (a) Submits a written resignation to the Board; or
 - (b) Dies; or
 - (c) Is no longer an elected or appointed officer or employee of a Member; or
 - (d) Fails to attend three consecutive regular meetings of the Board without the Board having excused such absences except that such additional absence or absences shall be excused for temporary mental or physical disability or illness; or
 - (e) Is removed by the Members by a two-thirds vote of the Members

present at a Membership Meeting; or

- (f) Is convicted of a felony; or
 - (g) The Member of which the Trustee is an official or employee terminates their membership in the Pool.
9. Any vacancy in the position of an Elected ~~Trustee-Director~~ may be filled by majority vote of the remaining ~~Trustees-Directors~~ until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy for the unexpired term.
 10. Any vacancy in the position of an appointed ~~Trustee-Director~~ under Article 5.1(a)-(c) shall be filled by appointment from the respective county and the ~~Trustee-Director~~ shall serve for the remainder of the unexpired term. If the county is no longer a Member, the ~~Trustee Director~~ position shall revert to an at large position, adding to the number of such positions under Section 5.1(g), and be filled by a majority vote of the remaining ~~Trustees-Directors~~ until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy.
 11. Any vacancy in the position of an appointed ~~Trustee-Director~~ under Article 5.1(h)-(k) shall be filled by majority vote of the remaining ~~Trustees-Directors~~ and shall fill the unexpired term of the ~~TrusteeDirector~~.
 12. To the extent permitted by law, ~~Trustees-Directors~~ may be reimbursed for expenses incurred in the performance of their duties, as authorized by the Board.
 13. The powers of the Board shall include, but not be limited to, the powers to:
 - (a) Delegate, by resolution adopted at a meeting of the ~~Trustees-Board~~ and specifically defined in the written minutes of the ~~Trustees' Board's~~ meetings, authority for specific functions to the Chief Executive Officer, but only to the extent permitted by the laws of the State of Utah and the Amended Bylaws.
 - (b) Establish Member contributions, including premiums and service fees, pursuant to guidelines adopted by the Board from time to time.
 - (c) Serve as the policyholder of any group policies or plans.
 - (d) Determine the methods of claim administration and payment; provide for claim experience for the Members collectively or separately; and establish claim procedures and conditions to be met prior to the payment or defense of a claim.

- (e) Jointly self-insure or jointly obtain insurance, reinsurance or excess insurance (specific or aggregate), or any combination thereof, or otherwise provide for the funding of coverages and adopt and adjust coverages provided by or through the Pool, as the Board deems appropriate.
- (f) Establish employment policies for the employees of the Pool including but not limited to policies, salaries and benefits.
- (g) Provide for the administration of the moneys of the Pool, for the manner of payments to the Pool, and for payment of all expenses of the Pool; establish standards for the accountability of all receipts and disbursements of the Pool; and establish procedures for safekeeping, handling, and investing such monies received or paid.
- (h) Acquire, lease, hold, and dispose of real and personal property.
- (i) Exercise the full power and authority of any Member of the Pool when requested to do so by the Member's governing body.
- (j) Provide for necessary activities, and enter into contracts as necessary or appropriate to accomplish the purposes of the Pool.
- (k) Do any act permitted by law and not in conflict with the ~~Sixth~~ Seventh Amended Interlocal Cooperation Agreement or the Amended Bylaws of the Pool.
- (l) Provide for an independent audit of the financial statements and operations of the Pool, including claim handling procedures, handling of receipts and payments, investments, adequacy of reserves, compliance with financial reporting requirements and overall operations of the Pool, at such times as the Board may determine.
- (m) Establish loss reduction, prevention and risk management policies, procedures, and requirements for Members of the Pool and provide risk management services and educational and other programs related to risk management.
- (n) Create various Committees of the membership to assist in the oversight and operation of the Pool. The members of such Committees, including the chair, shall be appointed by the Board.
- (o) Approve a list of attorneys or law firms authorized to represent Members in claims covered by or through the Pool.
- (p) Obtain the services of agents, attorneys, brokers, consultants, employees, and service providers as necessary or appropriate for the operation of the Pool.

- (q) Terminate a Member from the Pool as provided for in the Amended Bylaws.
- (r) Create levels of membership within the Pool to provide for appropriate representation and control. Levels of membership may include, but are not limited to, voting and non-voting members and equity and non-equity members.
- (s) Amend the Bylaws by a two-thirds vote of all Board members.
- (t) Exercise all powers of the Pool except those powers reserved to the Members, and all powers necessary and proper for the operation of the Pool and implementation of the Pool, subject to the limits of the Agreement, the Amended Bylaws, and the Utah Code. The Board is responsible for all operations of the Pool.

Section 6. OFFICERS.

The Board of ~~Trustees-Directors~~ shall elect officers and establish the duties of officers of the Pool in accordance with Utah law and the Amended Bylaws.

Section 7. COMMITTEES.

The Board of ~~Trustees-Directors~~ may establish from time to time such committees of the Board as shall be deemed appropriate by said Board.

Section 8. MANNER OF FINANCING.

1. The Utah Counties Indemnity Pool shall be funded by contributions or service fees from the Members:
 - (a) The amount of such contributions or fees including any interest penalty thereon shall be established by the Board of ~~Trustees~~Directors.
 - (b) Contributions or fees established by the Board may be audited and additional contributions or fees charged based on the rate used to establish the original contribution or fee.
 - (c) The Board may not charge assessments to the Members.
2. All monies of the Pool, and earnings thereon, shall be held in the name of and for the use and benefit of the Pool.
3. The Board of ~~Trustees-Directors~~ shall prepare an annual budget consistent with Utah Code Ann. 17A-1-408 et. seq., as amended.

Section 9. PROPERTY USED IN COOPERATIVE UNDERTAKING.

1. Any real or personal property acquired, held, and used pursuant to this cooperative undertaking shall be administered and controlled by the Board of ~~Trustees~~Directors established in Section 5 hereof. Any disposition of said real or personal property shall also be administered and controlled by said Board of ~~Trustees~~Directors, pursuant to the terms of this Agreement.
2. The provisions of this Agreement and the assets of the Pool are for the benefit of the Members of the Pool only, and no other persons or entities shall have any rights or interest in this Agreement or in any of the other documents referred to herein or in any such assets, as a third party beneficiary or otherwise. The assets of the Pool shall not be subject to attachment, garnishment, or any equitable proceeding.
3. In the event of a voluntary dissolution of the Pool, as provided in Section 4 hereof, the property of the Pool not used or needed for the purposes of the Pool, including its contractual obligations, shall be distributed, as determined by the Board, only to Utah counties which are Members of the Pool at the time of dissolution. Such dissolution shall be handled as provided in Section 12.

Section 10. ADDITION OF OTHER MEMBERS.

1. Other governmental entities may become parties to this ~~Sixth~~Seventh Amended Interlocal Cooperation Agreement, subject to the approval of the Board of ~~Trustees~~Directors by executing an Addendum to this Agreement.
2. In order for a governmental entity to be added to this Agreement by Addendum, the Addendum must be:
 - (a) Approved by the governing body of the governmental entity to be added;
 - (b) Reviewed as to form and compliance with applicable law by the attorney for the governmental entity to be added; and
 - (c) Filed with the person who keeps the records of the public agency being added to this Agreement, and with the keeper of records of the Pool.

Section 11. WITHDRAWAL AND TERMINATION.

1. Any Member may withdraw their participation in a joint purchase program of the Pool, which does not include the Property/Casualty joint self-insurance program, but only at the end of a Pool fiscal year after giving the Board timely written notice of such withdrawal, pursuant to a resolution of the Member's governing body. Timely written notice of

such withdrawal must be provided to the Board no later than 180 days prior to the Member's intended date of withdrawal. The Board shall consider a timely written notice of withdrawal to be a final decision unless the notice is rescinded by the Member no later than 150 days prior to the Member's intended date of withdrawal. The Board may, by a three-fourths vote and at its sole discretion, agree to permit an earlier date of withdrawal. A Member withdrawn from a joint purchase program shall lose any voting rights inured as a result of participation in that program and any claim of title or interest to any asset of the Pool resulting from that program upon the effective date of that withdrawal with the exception of the right to payment of claims covered by a policy of insurance purchased on behalf of the member by UCIP either jointly or individually, but only to the extent of the terms and conditions of such policy.

2. Any member may terminate its membership in the Pool by terminating its participation in the Property/Casualty self-insurance program, but only at the end of a Pool fiscal year, after giving the Board timely written notice of such termination, pursuant to a resolution of the Member's governing body. Timely written notice of such termination must be provided to the Board no later than 180 days prior to the Member's intended date of termination. The Board shall consider a timely written notice of termination to be a final decision unless the notice is rescinded by the Member at least 150 days prior to the Member's intended date of termination. A terminating Member shall lose all voting rights and any claim of title or interest to any asset of the Pool upon the effective date of termination with the exception of the right to payment of claims for which coverage was provided under the Bylaws Coverage Addendum in effect prior to termination, but only to the extent of the amount of the case reserve set by UCIP for each claim as of the date of notice of termination, or the initial case reserve established by UCIP for claims reported after the date of notice of termination which are covered under the terms of the Bylaws Coverage Addendum in effect prior to termination. Termination of membership in the Pool will also be considered a withdrawal of participation in any joint purchase programs the terminating member has participated in, and no member may continue participation in any joint purchase program of the Pool after termination of membership in the Pool.

Section 12. DISSOLUTION AND DISPOSITION OF PROPERTY.

1. The Pool may be dissolved by a majority of the entire Membership voting in favor of dissolution at a Membership Meeting. In the event of voluntary dissolution of the Pool, the assets of the Pool not used or needed for the purposes of the Pool, including its contractual obligations shall be distributed, as determined by the Board, only to Utah counties, which are Members of the Pool at the time of dissolution. The Members of the Pool at the time the vote is held to dissolve the Pool shall continue to be

considered Members of the Pool until the final disposition of property and dissolution of the Pool is complete.

2. Upon partial or complete dissolution of the Pool by the Members, the ~~Trustees-Board~~ shall determine all other matters relating to the disposition of property and dissolution of the Pool by a two-thirds vote of all ~~Trustees~~Directors.
3. Each member's interest in the property of the Pool shall be calculated as follows:
 - (a) The sum of the contributions for all fund years for which the Member was a participant in the Pool divided by all contributions received by the Pool during its life, is the ratio used to calculate interest in Pool property other than equity, which is defined for these purposes as cash or cash equivalent assets of the Pool.
 - (b) For equity calculation, the ratio of each Member's contributions to the total contributions shall be computed for each fund year. The Member's contribution ratio shall then be multiplied by the total surplus, less any borrowed surplus, attributable to a fund year as stated in the most recent monthly financial statement. A Member's total equity will be the sum of the yearly amounts for each fund year for which that Member was a participating Member in the Pool.
 - (c) In the event that the surplus amount is a negative number, a Member's equity will be decreased using the same method of calculation as above.
4. In the event of a termination of membership, the terminated Member shall lose and have no claim to any Pool property or assets. The property interest and equity formerly attributed to that Member for each fund year shall be allocated to the remaining counties that were Members during that year.
5. The Board shall serve as ~~trustees-directors~~ for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Pool. Any vacancy on the Board after dissolution has begun shall be filled in accordance with the Bylaws.

Section 13. INDEMNIFICATION.

1. It is the intent of the Pool to provide the broadest possible immunity from personal liability to each ~~trusteedirector~~, officer, and employee of the Pool allowed by applicable laws of the State of Utah including, but not limited to, the Utah Governmental Immunity Act, the Utah Non-Profit Corporation and Co-operative Association Act and the Utah Insurance Code, as amended from time to time. The Pool shall defend and indemnify the ~~trusteesdirectors~~, officers and employees of the Pool against

any and all expense, including attorney fees and liability expenses, sustained by them or any of them in connection with any suit or suits which may be brought against them involving or pertaining to any of their acts or duties to the fullest extent allowed by the laws of the State of Utah.

2. The Pool shall purchase liability or other appropriate insurance providing coverage for the ~~trustees~~directors, officers and employees of the Pool. Nothing herein shall be deemed to prevent compromises of any litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.
3. Neither this ~~Sixth~~Seventh Amended Interlocal Cooperation Agreement nor any action of the governing body of a county in adopting this ~~Sixth~~Seventh Amended Interlocal Cooperation Agreement is intended to nor do they waive, nor shall they be construed as waiving, any immunity or limitation on liability provided to the Members or their officers or employees by any law, including but not limited to any such immunity or limitation appearing in the Utah Governmental Immunity Act, and amendments thereto.

Section 14. FILING OF INTERLOCAL COOPERATION AGREEMENT.

Executed copies of this ~~Sixth~~Seventh Amended Interlocal Cooperation Agreement shall be placed on file in the office of the County Clerk of each of the Members to this ~~Sixth~~Seventh Amended Interlocal Agreement, and shall remain on file for public inspection during the term of this ~~Sixth~~Seventh Amended Interlocal Cooperation Agreement.

Section 15. JOINT AND SEVERAL LIABILITY.

Except as provided herein, and to the extent of the financial contributions to the Pool agreed to herein or such additional obligations as may come about through amendments to this agreement or the Bylaws, no Member agrees or contracts herein to be held responsible for any claims made against any other Member. The contracting parties intend in the creation of the Pool to establish an organization to operate only within the scope herein set out and have not herein created as between Member and Member any relationship of partnership, surety, indemnification, or responsibility for the debts of or claims against any other Member.

Section 16. AMENDMENTS.

This ~~Sixth~~Seventh Amended Interlocal Cooperation Agreement may not be amended, changed, modified or altered except by an instrument in writing which shall be (a) approved by resolution of the governing body of each of the parties, (b) executed by a duly authorized official of each of the parties, (c) submitted to and reviewed by an authorized Attorney of each of the parties, as required by Utah Code Ann. §11-13-202.5(3), 1953 as amended, and (d) filed in the official records of each party.

Section 17. SEVERABILITY.

If any term or provision of this ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement or the application thereof shall to any extent be invalid or unenforceable, the remainder of this ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement, or the application of such term or provision to circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and shall be enforced to the extent permitted by law. To the extent permitted by applicable law, the parties hereby waive any provision of law, which would render any of the terms of this ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement unenforceable.

Section 18. GOVERNING LAW.

All questions with respect to the construction of this ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement, and the rights and liability of the parties hereto, shall be governed by the laws of the State of Utah.

Section 19. EXECUTION BY COUNTERPART.

This ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement may be executed in counterparts. The original of each executed ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement shall be filed with the Pool.

IN WITNESS WHEREOF, the parties have signed and executed this ~~Sixth-Seventh~~ Amended Interlocal Cooperation Agreement, after resolutions duly and lawfully passed, on the dates listed below:

Dated this _____ day of _____, 20____.

«COUNTY» «FORM»

By: _____
«COUNTY» «FORM» Chair

ATTEST:

By: _____
«COUNTY» Clerk

REVIEWED AND FOUND TO BE IN PROPER FORM AND COMPLIANCE
WITH APPLICABLE LAW.

By: _____
«COUNTY» Attorney

provided by the Act. Liability limits provided in excess of the limitations set out in the Act are provided solely for CLAIMS not limited by the Act, including federal CLAIMS or CLAIMS filed in another state where neither the Governmental Immunity Act of Utah or any similar governmental immunity or tort limitation act of that state apply.

Q. Defense, Judgement and Settlement

1. The ~~Pool~~ POOL will provide the MEMBER or the MEMBER's elected or appointed attorney legal representation to defend any SUIT against the MEMBER and any COVERED PARTY the MEMBER is required to defend under U.C.A. 63G-7-902 and 17-18a-5-501 claiming DAMAGES for which coverage is afforded under this ADDENDUM for an OCCURRENCE or WRONGFUL ACT, even if any of the allegations of the SUIT are groundless, false, or fraudulent, and may make such investigation of any OCCURRENCE, WRONGFUL ACT and settlement of any CLAIM or SUIT as it deems expedient. No legal representation or defense will be provided for CLAIMS made against a COVERED PARTY in his or her personal capacity. The ~~Pool~~ POOL has the right to select counsel; however, a COVERED PARTY may hire co-defense counsel, at the COVERED PARTY's expense, to assist in the defense of CLAIMs, provided the attorney selected by the POOL shall be lead counsel. If the MEMBER or the MEMBER's elected or appointed attorney does not accept the counsel selected by the POOL, it will be considered a waiver of the POOL's obligation to provide legal representation by the MEMBER, and the MEMBER and any COVERED PARTY shall have no right to defense or reimbursement or indemnification of defense costs provided by the POOL. Except to the extent otherwise specifically provided in this COVERAGE ADDENDUM, no COVERED PARTY shall, except at the COVERED PARTY's own expense, voluntarily make any payment, assume any obligation, or incur any expense without the POOL's prior written consent. The POOL's obligation to provide legal representation shall arise when the complaint or CLAIM alleges facts, which would obligate the POOL to indemnify the COVERED PARTY if the alleged facts were proven. The POOL will only be responsible for payment of that portion of a settlement or judgement, which relates to CLAIMs for which coverage is afforded under the terms of this ADDENDUM~~-, Provided provided~~, however, (a) the POOL shall not be obligated to pay any settlement or portion of any settlement unless the POOL has given prior written consent to the settlement and (b) the POOL shall not be obligated to pay any settlement or judgement or to provide legal representation in defense of any SUIT after the applicable Limits of Coverage have been exhausted.
2. The Limits of Coverage shall include all costs, attorney's fees and expenses awarded to an adverse party in a litigated or contested CLAIM. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested CLAIM, shall be excess of the Limits of Coverage set forth.

Internal Controls Policies and Procedures

Governance Policies and Procedures

Board of Directors

Board Compensation, Staff compensation limits taking of risks, Board procedures – Agenda, materials, minutes, recordings, board officer positions, review of disbursements, Board position recruitment, Training, use of experts, legal counsel, code of ethics,
Appoint executive staff, provide policy guidance, authorized use of resources, set goals and expectations, monitor results.
Audit Policy – Board responsible for hiring and directing audit,
Board Conflict of Interest Policy
Use of outside experts
Items required by Interlocal and bylaws

Membership Policy

Underwriting, eligibility, approval by board, procedure to join,

Executive Staff Policy

Assure policies and procedures in place to assure compliance, provide board assistance in developing policy, implement policy and procedures, monitor effectiveness of policies and procedures and report to board with recommendations for amendments, CEO responsibilities and authority, CFO responsibilities and authority,

Operational Policies and Procedures

Personnel System

Recruiting procedures, nepotism, training, performance reviews,

Claims Policy/Manual

Procurement

Ethics Policy

Ethics Hotline, Whistle blower policy

Financial Policies and Procedures

Internal Controls Policy/Financial Reporting

Review of disbursements by Board, use of credit cards, limits on credit cards, reconciliation of bank and investment accounts, approval of large amounts by board, two signatures on checks, annual budget filing (17B-1-614), meeting notice,(52-4) notice of board member contact information (17B-1-303), public finance website (63A-3-405.4), financial reporting (51-2a-202),

Net Asset Management

Rate Stabilization

Dividend – Move to part of net asset management

Records Retention Policy

UCIP Board Policies Standardized Format

Part 1 Effective Date and Frequency of Review

States the effective date of the current policy and the minimum frequency of review by the Board.

Part 2 Purpose

States the purpose of the policy and procedure and the Boards intent in adopting the policy and procedures.

Part 3 Authority

States the specific authority granted in statute, the Interlocal Agreement or Bylaws to the Board to adopt policy.

Part 4 Applicability and Scope

Specifies the scope of the policy and applicability of policy and procedures to the Board, staff, Members or others.

Part 5 Definitions

Defines terms in the policy for clarification.

Part 6 Policy Statements

States the Board's policy in clear broad statements.

Part 7 Procedures and Responsibilities

Sets out the procedures and responsibilities to implement and assure ongoing compliance with the policy statements of the Board.

Part 8 Revision History

Identifies the date of original adoption and dates of review and revision of the policy.

Part 9 Appendices

Any appendices to the policy.

STRUCTURE of the BOARD

<u>Representing</u>	<u>Present Board</u>	<u>County</u>	<u>Class</u>	<u>Office</u>	<u>2018 Board</u>	<u>Nominees Willing to Serve</u>	<u>Counties Yet to be Represented</u>
Second <i>Davis, Washington, Weber</i>	Bret Millburn Victor Iverson James Ebert	Davis Washington Weber	Second Second Second	Commissioner Commissioner Commissioner			Daggett Morgan Wayne
Third <i>Box Elder, Iron, Uintah</i>	Mike Wilkins (2017)	Uintah	Third	Clerk/Auditor		Rodney Bennett, Box Elder County Assessor Mike Wilkins, Uintah County Clerk/Auditor	
Fourth <i>Duchesne, Millard, San Juan, Sanpete, Sevier, Wasatch</i>	James Kaiserman (2018)	Wasatch	Fourth	Surveyor	James Kaiserman		
Fifth-Sixth <i>Beaver, Daggett, Emery, Garfield, Juab, Kane, Morgan, Piute, Rich, Wayne</i>	William Cox (2019)	Rich	Sixth	Commissioner	William Cox		
At Large	Alma Adams (2017) Bruce Adams (2020) Mark Whitney (2019)	Iron San Juan Beaver	Third Fourth Fifth	Commissioner Commissioner Commissioner	Bruce Adams Mark Whitney	Alma Adams, Iron County Commissioner Roland Haslam, Morgan County Councilman Stan Summers, Box Elder County Commissioner	
Audit	Karla Johnson (2018)	Kane	Fifth	Clerk/Auditor	Karla Johnson		
Law Enforcement	Robert Dekker (2018)	Millard	Fourth	Sheriff	Robert Dekker		
Litigation Management	Dale Eyre (2020)	Sevier	Fourth	Attorney	Dale Eyre		
Personnel	Deb Alexander (2020)	Davis	Second	HR Director	Deb Alexander		

Present Board Votes by Class

Second	4
Third	2
Fourth	4
Fifth	2
Sixth	1

Appointed by Member

Appointed by Board

Up for Election/Appointment

26th ANNUAL MEETING of the MEMBERS

November 16, 2017, 4:00 pm

The Dixie Convention Center

1835 Convention Center Drive

St. George, Utah

Auditorium

AGENDA

Business Session: *Bruce Adams*

- Introduction of Board and Staff
- Roll Call
- Approval of Minutes
- Nominating Committee Report
- Speeches by Nominees
- Election
- Financial Report

CEO Report: *Johnnie Miller*

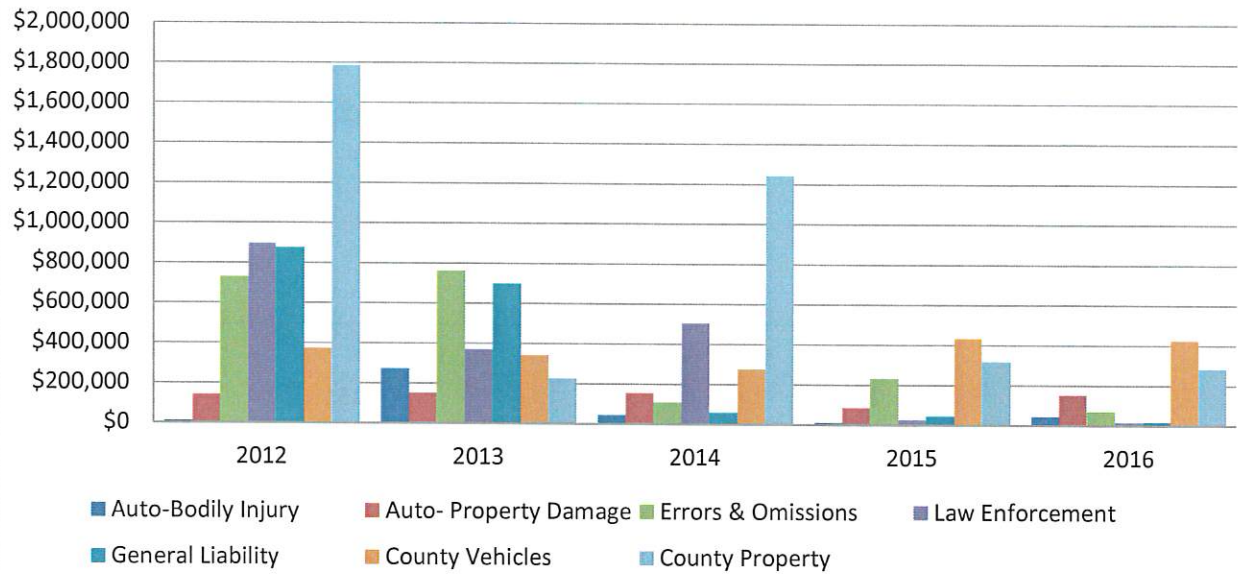
- Coverage
- Services
- 2018 Plan

Board Report: *Bruce Adams*

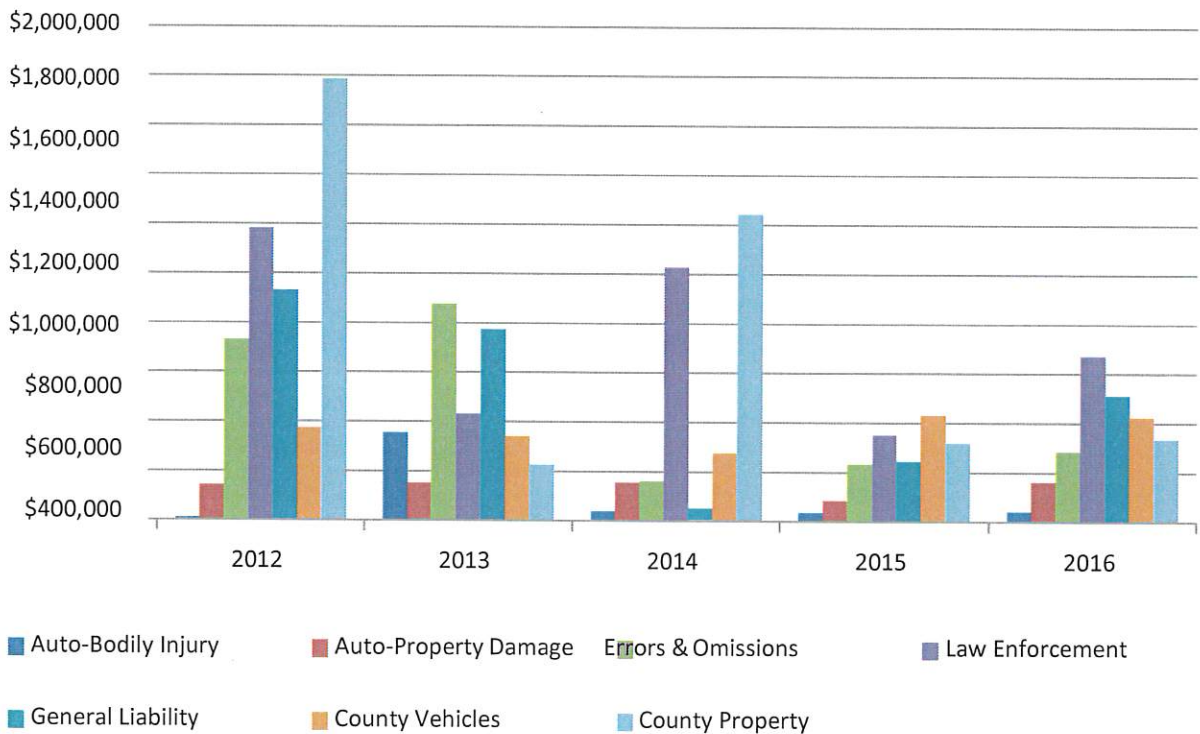
Election Results: *Bret Millburn*

Dinner: *Rib & Chop House*

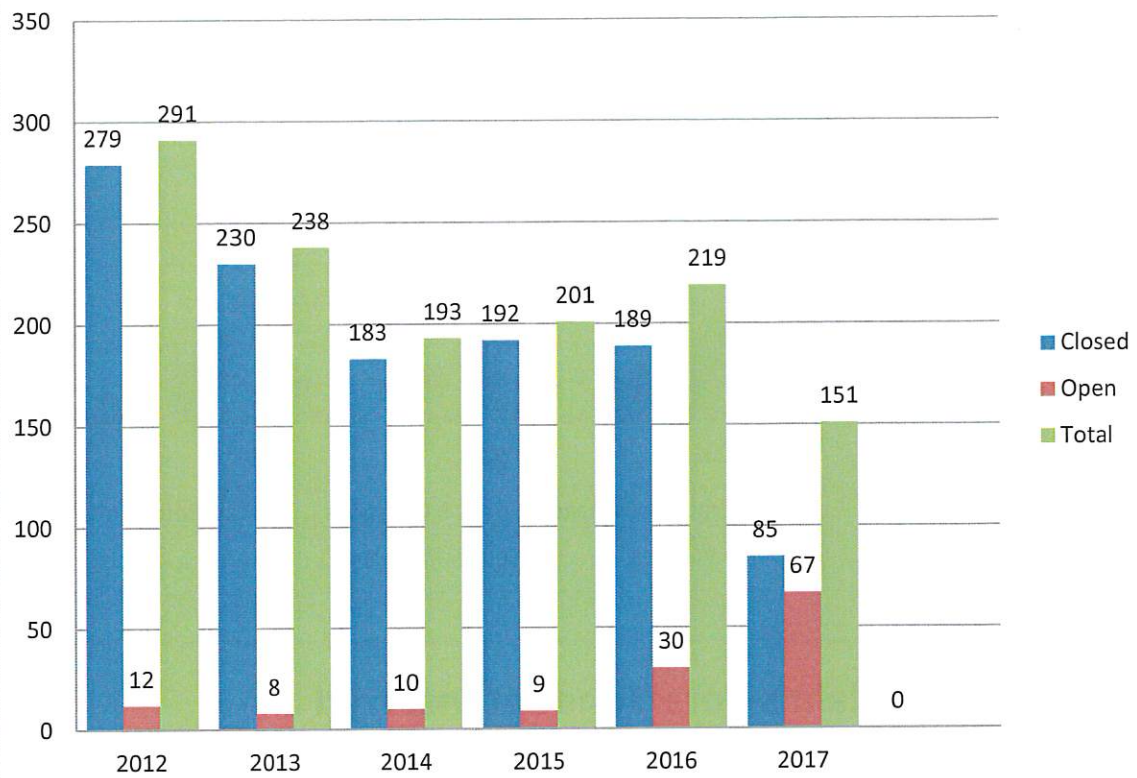
Claims-Total Amount Paid



Claims-Total Amount Incurred



Claims Count



Sponsoring Association Survey Results

Survey date: September 7, 2017
Report date: September 19, 2017
Responding pools: 25

Are your pool operations integrated with those of the sponsoring association, or does the pool function as a completely separate organization?

- Integrated (9)
- Separate (9)
- The pool does not have any employees. It contracts all services to the association.
- Payroll and benefits were provided by the association in the past, but has not been so for approximately ten years. The association monitors legislation that may affect the authority. When warranted, we share lobbying expenses that benefit both organizations.
- The pool operates completely separately, but we have two sponsoring organizations.
- Separate organization. The association is a 501 non-profit, while the pool is a political subdivision (interlocal agency), so they must have separate boards.
- The pool is in the process of disengaging from the association. In the past operations were integrated but handled mostly by a separate team. They just completed an RFP and hired an independent contractor.
- Partially integrated; shared staff, association serves as fiscal agent.
- The pool is a public entity through intergovernmental agreement and the association is a private not for profit lobbying organization.

Does a representative of the sponsoring association serve on the pool Board of Directors?

Yes, a voting member of the Board	11
Yes, a non-voting member of the Board	7
No	7

What is the basis or formula by which your pool compensates its sponsoring association?

- Set annual fees based on the written contract between each pool and the association.
- The pool owns the condominium housing the association uses and the association rent is way below market. Additionally the pool shares in the cost of operations, (IT network, Copier, Supplies, etc.) greatly helping the association. The association also gets some work from employees dedicated to the insurance programs, without paying for it.

- An annual sponsorship fee that is a negotiated amount based on a scope of services and value provided by the association. It is not based on a formula.
- Flat fee that is loosely based on direct and indirect cost calculation plus institutional value fee.
- In FY 2016, we went to a flat rate of \$165,000. The previous formula was based on:
 - 2.00 Institutional Fee
 - 2.10 As an institution fee the pool agrees to compensate the league an amount equivalent to one percent of the pool's annual "core package" premium deposits not to exceed the cap described in paragraph 2.40 below, in consideration for the league's support in helping to organize the pool and for the continued and future use of the league's good name and reputation in helping the pool achieve market penetration in providing risk management services for municipalities, school districts, regional educational attendance areas, and any other permissible purchaser of these services.
 - 2.20 "Core package" premium deposits exclude revenues that may pass through the pool for procuring insurance coverages on behalf of its members for which the pool does not have a self-insured retention, including but not limited to, boiler and machinery, excess, and airport liability insurance.
 - 2.30 The institutional fee shall be based upon actual core package premium deposits received by the pool each fiscal year as reported by the pool's independent auditor. The pool's fiscal year begins July 1 and ends June 30. The institutional fee shall be paid to the league not later than September 15 of each fiscal year.
 - 2.40 The institutional fee shall not exceed \$100,000, adjusted for 3 percent inflation per annum beginning June 30, 2002.
- Small percent of contribution (premium).
- We pay an institutional fee based on membership dues paid to the association by entities that belong to the pool. We also share operating costs based on an annual assessment of the value received by each organization, but there is not a mark-up on those.
- 1.6% of premium.
- No compensation involved.
- Direct compensation for employees dedicated to pool operations and a pro rata share of administrative expenses as established and agreed to each year.
- 1.9% of NEP, not to exceed 4% over the most recent year actual.
- \$50,000 plus 0.1% of year end surplus.
- No formula, we just agreed 6 years ago to a number and we adjust it with a 3% COLA each year.
- The pool provides staff assistance to plan and facilitate association conferences, and pays half the utilities at the association building.
- Relatively unknown. That is one of the reasons they are disengaging.
- Fee based on actual operational costs,
- We have an annual contract with the association under which they agree to assist in marketing our program in exchange for a negotiated annual fee.
- Flat amount.
- No formula. We have a service agreement and the amount is negotiated.
- Annual negotiation.
- 1.5% of revenue.
- We have a base of \$60,000 royalty fee plus CPI-U
- 1.75% of gross premium excluding excess liability and LODA premium.
- Member contributions for coverage.
- 2% of the gross premium – workers' compensation only.

What are your pool's gross annual contributions from members?	What are your pool's gross annual contributions excluding contributions from a health program, if you have one?
\$11,688,935 from all members \$7,374,220 from municipal members.	N/A
\$4,717,390	\$4,717,390
\$36,000,000	\$35,000,000
\$29,259,665	\$29,259,665
\$37,000,000	\$22,000,000
\$20,000,000 Liability and Property Pool \$32,000,000 Workers' Compensation Fund	N/A
\$15,000,000	\$15,000,000
\$100,000,000	\$100,000,000
\$74,000,000	\$74,000,000
\$150,000,000	\$35,000,000
\$27,000,000	\$27,000,000
\$71,140,710	\$71,140,710
\$26,000,000	\$26,000,000
\$19,307,000	\$19,307,000
\$6,000,000	\$6,000,000
\$7,000,000	\$7,000,000
\$35,000,000	\$16,000,000
\$7,000,000	\$7,000,000
\$15,000,000	\$15,000,000
\$10,500,000	\$10,500,000
\$35,000,000	\$35,000,000
\$27,000,000	\$27,000,000
\$2,241,879	\$2,241,879
\$54,000,000	\$54,000,000

What is the most recent annual payment made by your pool to its sponsoring association?

- Multiple payments from multiple pools. We break it down to claims, legal, risk control, administration and underwriting fees. Total is about \$5 million.
- None direct.
- \$275,000
- Liability & Property Pool: \$1.4 million. Workers' Compensation Fund: \$1.4 million.
- \$165,000
- The Institutional Fee was roughly \$1.9 million. Cost sharing payments were another \$3.6 million.
- Approximately \$1mm.
- N/A.
- No royalties or institutional value fees paid.
- \$1,147,583
- \$75,000

- \$167,000 to each. In addition, we pay an additional \$30,000 to each organization for various forms of sponsorships such as sponsoring featured speakers at their conferences.
- The pool does not make payments to the association. Because the pool is a political subdivision, it is restricted by statute from "giving" money to non-profits, unless the non-profit is providing a service under contract.
- Unknown.
- \$4 million.
- \$20,000
- \$400,000
- \$209,000
- \$105,000
- \$350,000
- \$61,500
- \$950,000
- \$58,975 to the league.
- \$583,540

Please describe any specific benefit your pool derives from its relationship with the sponsoring organization. For example, do you receive a free exhibit booth at association conferences, advertising in association publications, other access to association members, endorsement, active marketing of the pool by sponsoring association, staffing or support services, IT equipment, or any other service the pool finds valuable?

- All of the above, and in addition office space, personnel services, etc. The pools have no employees - we all work for the association.
- The pool gets the use of the association name. This helps members promote the program in their home jurisdictions.
- All of the above, plus the association brand, which is hard to quantify, but highly valued.
- All of the above, plus legislative advocacy, member training, amicus support, web presence, etc.
- The league promotes us as we promote them, giving us an advantage over the competing pool. We combine our annual membership meeting with the leagues' annual local government conference allowing us access to the following organizations: Managers, Mayors, Clerks, Attorneys and Finance Officers. We also have exclusive rights to the leagues' annual conference and the membership - no competition is allowed. We have a booth, sponsor a Breakfast for all in attendance and provide two (2) training sessions. As well, we speak at the Newly Elected Officials sessions explaining the pool and benefits of membership. Our logo is similar and many of our municipal members see us as one organization. We announce various membership awards during the conference as well, which garners interest from other non-member municipalities.
- Three separate sponsor's, city, county and county fair associations participate. Preferred status at events, marketing assistance in form of endorsements.
- All staff working on pool matters are association employees (or work for a third-party administrator). We receive all of the above benefits and the pool and association are almost completely integrated.
- We are promoted by the association, speak at their meetings and interact with all association members. They do actively market the pool to members.
- Active marketing.
- Exhibit booth at league annual conference. Advertising in league newspaper and marketing book.

- Speaker slot at conferences; preferred convention booth space (but not free); welcome articles for association magazine; association attendees at annual convention must come to our booth to get convention gift (which we purchase).
- We pay for our booths as part of the ancillary payments. Our benefit is we are given a time and place at their conferences to promote the program through a class, and we get significant signage and other promotion from both organizations at their conferences (attended by over 1500 people at each).
- Free exhibit space and advertising in conference materials, no charge for rent for office space (pool pays half the utilities).
- Staffing support, IT and infrastructure, etc. PRIOR to the new contracting arrangement.
- Exhibit booth, advertising, endorsement, IT and staffing.
- We receive advertising in the association monthly newsletter, registrations to the association annual conference, sponsorship at the association annual conference, a link on the association website, electronic versions of their directories of public officials, opportunities to present to newly elected commissioners at the association sponsored orientation, free attendance for pool staff to attend their trainings and recommendation as the preferred pool for association members.
- Advertising space, recognition on printed materials, full support of our program and administrative assistance as needed, cooperation in areas of common interest, information sharing, non-voting attendance at their board and certain meetings, registration on their annual conference for all our staff, booth space at their annual conference, and monthly article space in their monthly publication.
- Sponsoring organization is precluded from endorsing or sponsoring a similar program, no cost for articles to be included in their publications, no similar organization has access to their member communications (website, newspaper, etc.), provided time during their annual conference for us to hold our annual membership meeting (mutual membership), we pay for exhibitor space at their conference, they provide legislative representation for us, our staff counsel assist with amicus briefs, our staff assists with research on policy issues, we provide them free meeting space in our building (several hundred meetings a year) and they have agreed to a non-compete clause in the agreement.
- Shared staff- access to association members, legislative lobbying as needed, shared office building ownership, HR support, shared technology, server, network, etc.
- We still have to pay for everything that they should be providing for under our sponsorship such as; advertising in their newsletter, booth space at their annual conference, board donuts at meetings, etc.
- Sponsoring association staff provides support for value added services.
- Endorsement, free booth at conference. The sponsoring organization does not allow any other insurance companies/carriers to have booths at their conferences and schools, nor do they allow them to purchase advertising in their publications. The pool has a booth at all league conferences and schools and advertises in the league's publications. The pool has an Agreement for Administrative Services with the league through which league provides financial and bookkeeping services, personnel services, and administrative assistant support in Board meeting arrangements and meeting minutes. While the pool Executive Director reports to the pool Board of Directors, all pool staff are employees of the league which has proven to be an excellent situation here because league employees qualify for membership in the state retirement system which is a huge benefit. The pool is on the league's telephone and internet system. Any time we can share services, it saves money and we're continually looking at more service

sharing with the league and the three risk-sharing pools the league sponsors. The pool also is allowed a column in each month's league magazine. The league has always worked to market the pool any and every chance it gets and the loyalty of our members to the league has gone a long ways towards the success of the pool.

- Free booth at annual convention, advertising in publications, marketing efforts, IT equipment and sponsor, printing services, postage, meeting space, legal advice for employments issues.

AGENDA

UTAH COUNTIES INDEMNITY POOL BOARD OF DIRECTORS MEETING

Thursday, December 21, 2017, 1:30 p.m.

UAC/UCIP Building, 5397 S Vine, Murray, Utah

1:30	Open Meeting, Pledge of Allegiance	Bruce Adams
	Recess for Public Hearing on the UCIP 2018 Budget	Bruce Adams
	Reconvene	

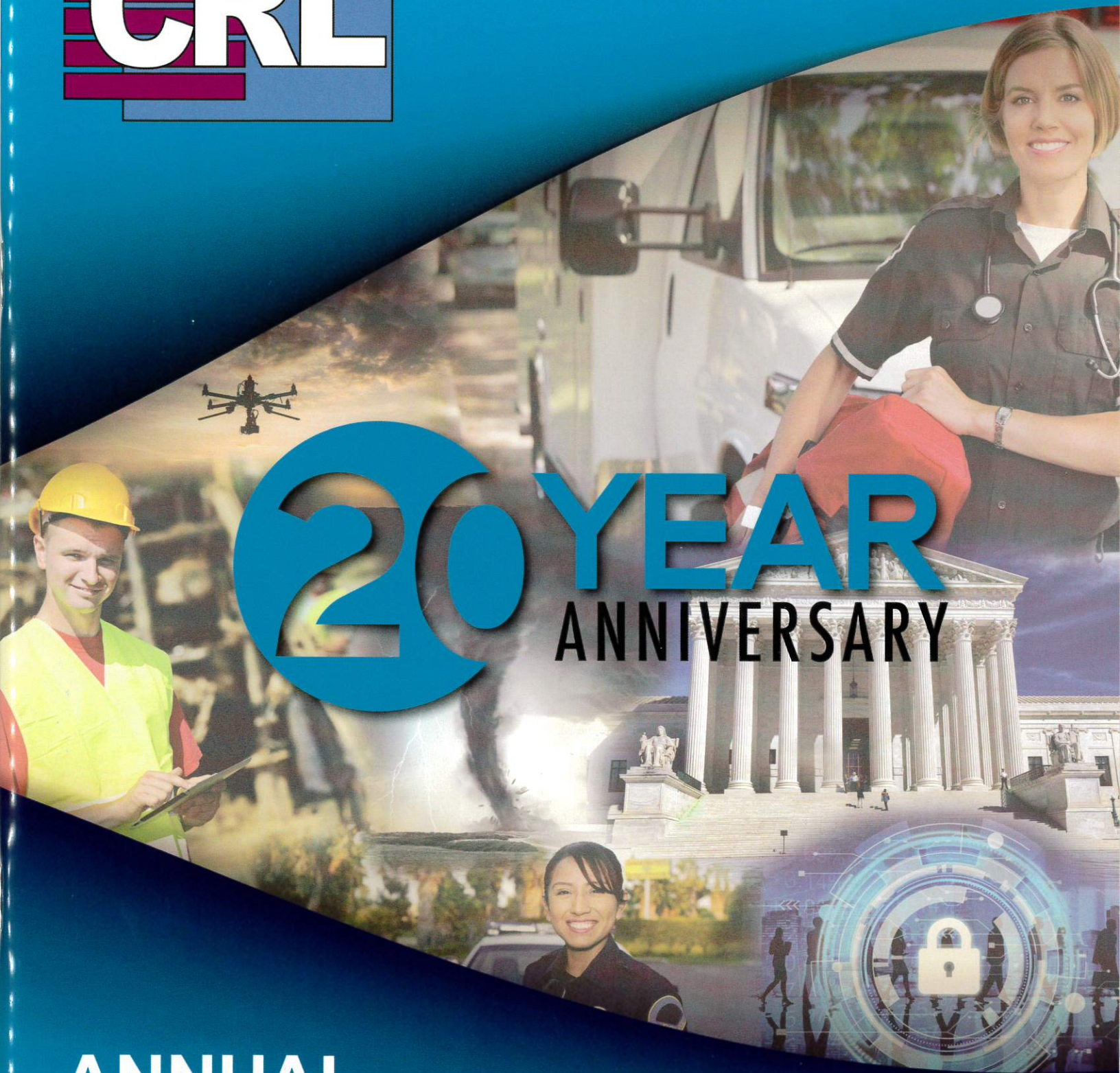
ITEM	ACTION	
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1.	Review/Excuse Board Members Absent	Bruce Adams
2.	Ratify 2018 Contributions	Johnnie Miller
3.	Review/Approve 2018 Budget	Karla Johnson
4.	Review/Approve Reinsurance Renewal	Johnnie Miller
5.	Review/Approve WCF Renewal	Johnnie Miller
6.	Review/Approve LocalGovU Renewal	Johnnie Miller
7.	Review/Approve 2017 Amended Budget	Sonya White
8.	Review/Approve October 12, 2017 Meeting Minutes	Karla Johnson
9.	Ratification/Approval of Payments and Credit Card Transactions	Karla Johnson
10.	Review/Approve County Related Entities Membership	Mike Wilkins
11.	Review/Approve Actuarial Services Provider	Johnnie Miller
12.	Review/Approve Personnel Policy Amendments	Johnnie Miller
13.	Review/Approve Electronic Meeting Policy	Johnnie Miller
14.	Set Date, Time and Place of Regular Meetings for 2018	Sonya White
15.	Elect 2018 Officers of the Board/Board Appointments	Bruce Adams
16.	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	Bruce Adams
17.	Action on Personnel Matters	Bruce Adams
18.	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	Bruce Adams
19.	Action on Litigation Matters	Dale Eyre

INFORMATION		
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20.	Loss Control Report	Johnnie Miller
21.	Chief Executive Officer's Report	Johnnie Miller
22.	Other Business	Bruce Adams
5:00	Brio Tuscan Grille, City Creek Center, 80 S Regent St, Salt Lake City	

Electronic Meeting Notice: 888-447-7153, Participant Passcode: 2261240 Anchor Location: 5397 S Vine, Murray, UT



**ANNUAL
REPORT
2016**

ABOUT CRL

County Reinsurance, Limited (CRL) is a member-owned reinsurance company. The company was formed in 1997 by county associations looking for a better way to provide reinsurance to their self-insured pools. *The National Association of Counties (NACo) and state association executives played a critical role in the formation of the company.*

CRL is organized as a captive insurance company and is domiciled in the state of Vermont. The company's legal structure as a mutual insurance company means that the members of the company own the company. In addition, CRL is organized as a non-profit company and is exempt from state and federal income taxes. All CRL members are also organized as non-profit companies.

CRL provides property, liability, and workers' compensation reinsurance to its members. As a reinsurance company, CRL does not provide direct coverage or state approved "admitted" policies. In several instances CRL enters into reinsurance agreements with a state-approved insurance company to meet state regulatory requirements for an "admitted" company. In those instances, CRL Members receive a policy from an insurance company admitted to do business in their particular state, and CRL reinsures that state-approved insurance company.

CRL maintains an administrative office in Clemmons, North Carolina.

Questions about **CRL** may be directed to **Philip E. Bell, Executive Director**, at (336) 354-4053.



LETTER TO MEMBERS

Dear Members:

We are pleased to present County Reinsurance, Limited's (CRL's) Annual Report for 2016. Here are the major highlights of the year:



- The Mississippi Association of Supervisors Insurance Trust joined the CRL property program on April 1, 2016.
- The Association of County Commissions of Alabama Liability Self-Insurance Fund joined the CRL property program on August 31, 2016.
- Net Premiums Earned increased from \$29,449,900 to \$30,897,300, a 4.9% increase. *Most of this increase can be attributed to the new members mentioned above.*
- The company had operating income of \$824,900 for the year. Investment income was \$5,753,400, resulting in Net Income of \$6,578,300. The operating income was a combination of positive results in the current year, and negative loss development in prior years. The investment income was primarily interest income.

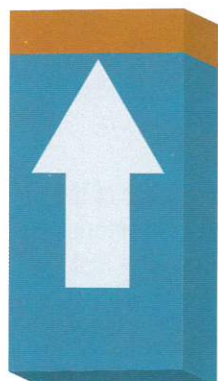
- Members' Equity increased from \$48,755,200 to \$55,584,900 a 14.0% increase.

We discuss these results in more detail in the following pages. We have also included additional material to reflect our 20 years of progress and development.

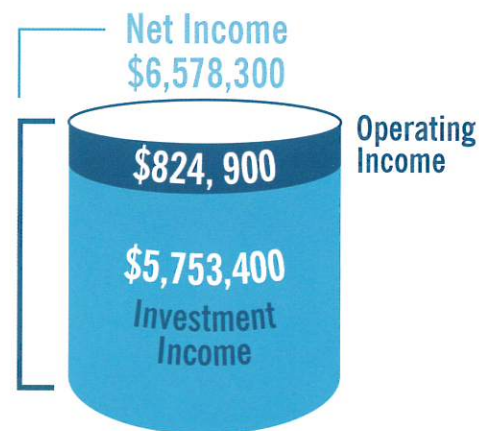
Please let us know if you have any comments or questions.

Ron Lethgo
Chair of the Board

Philip E. Bell
Executive Director



Member Equity
Increased 14%



MANAGEMENT'S DISCUSSION & ANALYSIS

Underwriting Results

County Reinsurance, Limited's (CRL's) Net Premiums Earned increased from \$29,448,900 to \$30,897,300, a 4.9% increase. Most of this increase can be attributed to the Mississippi Association of Supervisors Insurance Trust joining the property program on April 1, 2016, and the Association of County Commissions of Alabama Liability Self-Insurers Fund joining the property program on August 31, 2016.


4.9%

Chart 1 (pg. 5) illustrates changes in CRL's premiums and Members from 2007 to 2016.

The company had Operating Income of \$824,900 for the fiscal year ending December 31, 2016. The operating income was a combination of positive results in the current year, and negative loss development in prior years.

Two of CRL's Strategic Goals are Financial Security and Underwriting Excellence. Our Underwriting procedures have been adjusted to achieve a long-term combined ratio of 95%. This adjustment will enhance CRL's financial security, while also addressing the inherent volatility in loss activity for a reinsurer. The combined ratio for 2016 was 97.4%. We have achieved our target in four of the last six years.

Chart 2 (pg. 5) shows a summary of the results of the company from 1997 to 2016.

Investment Results

CRL has a comprehensive Investment Policy designed to support its primary underwriting function. Most of CRL's assets are in investment grade fixed income products. CRL also invests in Risk Assets. At CRL, we define Risk Assets as anything outside of investment grade fixed income products, including domestic and international equity investments, high yield bonds, and international bonds. Our current investment policy allows investment in Risk Assets at no more than 25% of Surplus. On December 31, 2016, CRL held approximately 22.4% of Surplus in Risk Assets.

CRL's portfolio benchmark is customized and market-weighted to better represent the strategic characteristics of the portfolio, which in turn supports CRL's liabilities. With the inclusion of Risk Assets, the custom portfolio benchmark now consists of a fixed income component representing the core investment grade fixed income portfolio and a Risk Asset component. For the year, CRL's investment portfolio produced a return of 3.12% compared to a benchmark return of 2.90%.

CRL actual
3.12%

Benchmark
Return
2.9%

Investment Return

Chart 3 (pg. 5) illustrates the growing assets of the company from 2007 to 2016.



Net Income

CRL's Net Income for the year ending December 31, 2016 was \$6,578,300. This included Operating Income of \$824,900 and Investment Income of \$5,753,400.

Contributed Capital

CRL receives contributed capital from two primary sources. First, the company requires a minimum ratio of capital to premium for each member. Current members may be required to contribute additional capital if a member's capital drops below minimum ratios. Second, new members are required to contribute this capital upon joining the company, as a condition of membership. This requirement helps maintain CRL's surplus at acceptable levels, but also gives an ownership incentive to the members of the company. CRL received \$251,300 in contributed capital during 2016.

 **14%**

Members' Equity

Members' Equity increased from \$48,755,200 to \$55,584,900 in 2016, a 14.0% increase. This change came from Member Contributions of \$251,300 and Net Income of \$6,578,300.

Chart 4 (pg. 5) illustrates the changes in Members' Equity from 2007 to 2016.

Reinsurance



CRL offers property, liability, and workers' compensation reinsurance to its members. The company has partnerships with additional reinsurance companies to add stability and capacity to its overall program.

The company currently retains liability business between a member's self-insured retention and up to \$3,000,000. The company retrocedes premiums and claims for losses above this amount to Lexington Insurance Company. Lexington Insurance Company has an A.M. Best rating of A (Excellent).

The company currently retains workers' compensation business between the member's self-insured retention and up to \$3,000,000. The company also retains an aggregate amount of \$1,500,000 excess of \$3,000,000. Safety National Casualty Corporation (SNCC) provides the remaining statutory limits for the program. In those states that require an admitted company, SNCC issues a policy directly to the CRL Member, and CRL reinsures SNCC for its portion of the premium and losses. SNCC has an A.M. Best rating of A+ (Superior).

CRL also provides property reinsurance to twelve member pools. CRL currently retains property business between the member's self-insured retention and up to \$2,000,000. The member pools purchase additional reinsurance coverage and limits from additional companies.



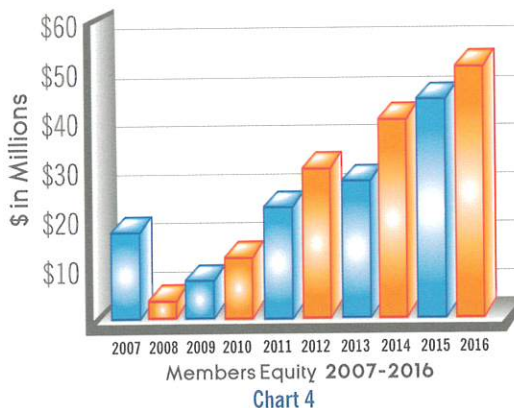


Chart 2

Years Ending Dec. 31,	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Net Premiums Earned	\$995,773	\$3,918,954	\$3,944,881	\$4,146,792	\$3,853,446	\$5,029,130	\$9,019,816	\$13,187,947	\$14,812,328	\$15,325,265
Operating Income	\$(17,948)	\$(87,302)	\$77,561	\$(477,331)	\$(938,214)	\$(1,716,469)	\$(362,852)	\$1,515,615	\$528,587	\$(687,267)
Net Investment Income	\$61,213	\$242,025	\$437,167	\$666,527	\$717,866	\$(650,030)	\$888,492	\$2,271,794	\$2,765,084	\$3,828,176
Net Income	\$43,265	\$154,723	\$514,728	\$189,196	\$(220,348)	\$(2,366,499)	\$525,640	\$3,787,409	\$3,293,671	\$3,140,909
At December 31,	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Assets	\$6,260,045	\$13,414,829	\$19,859,637	\$21,370,035	\$23,101,292	\$31,145,589	\$44,442,266	\$58,421,265	\$70,943,760	\$84,760,980
Total Liabilities	\$4,887,274	\$11,295,521	\$17,085,357	\$18,070,335	\$20,001,094	\$29,530,000	\$37,851,840	\$46,131,914	\$55,730,576	\$65,610,922
Total Member Equity	\$1,372,771	\$2,119,308	\$2,774,280	\$3,299,700	\$3,100,198	\$1,615,589	\$6,590,426	\$12,289,351	\$15,213,184	\$19,159,058
CRL Members	8	10	10	10	10	14	18	21	22	22

Years Ending Dec. 31,	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Premiums Earned	\$17,543,593	\$19,654,835	\$18,557,515	\$18,418,749	\$19,684,158	\$21,707,097	\$24,936,553	\$26,621,335	\$29,448,895	\$30,897,291
Operating Income	\$(3,632,387)	\$(3,487,613)	\$(1,101,496)	\$(1,842,451)	\$3,050,397	\$2,521,689	\$(1,742,149)	\$6,141,761	\$1,930,385	\$824,918
Net Investment Income	\$5,309,227	\$(6,446,767)	\$4,027,917	\$5,669,136	\$7,110,442	\$5,525,120	\$(1,232,059)	\$6,534,378	\$1,665,312	\$5,753,427
Net Income	\$1,676,840	\$(9,934,380)	\$2,926,421	\$3,826,685	\$10,160,189	\$8,046,809	\$(2,974,207)	\$12,676,139	\$3,595,697	\$6,578,345
At December 31,	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Assets	\$107,064,249	\$109,345,608	\$121,330,105	\$137,891,637	\$155,589,163	\$166,187,749	\$169,554,275	\$190,408,116	\$205,274,030	\$226,075,620
Total Liabilities	\$85,049,651	\$101,651,901	\$109,832,427	\$121,649,287	\$129,007,227	\$131,508,531	\$137,536,061	\$145,541,684	\$156,518,801	\$170,490,747
Total Member Equity	\$22,014,598	\$7,693,707	\$11,497,678	\$16,242,350	\$26,581,936	\$34,679,218	\$32,018,214	\$44,866,432	\$48,755,229	\$55,584,873
CRL Members	24	24	23	23	23	23	24	25	27	27



20 YEAR ANNIVERSARY



Member Equity 1997-2016



Net Premiums 1997-2016



Total Assets 1997-2016

CRL incorporated in Montpelier, Vermont. GA (Liability and WC), MO (WC), NM (Liability and WC), NC (Liability and WC), and TX (Liability and WC) join CRL.

CRL hires first employee.

AR (WC) joins CRL.

AL (Liability), AZ (WC), KY (WC) and PA (Liability) join CRL.

AL (WC), NE (Liability and WC), and TN (Liability) join CRL.

NV (Liability), TN (WC) and UT (Liability and WC) join CRL. CRL adds part-time employee.

KS (Liability) joins CRL.

CRL staff increases to three.

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006



NV (WC) and PA (WC) join CRL. CRL starts a Property Program and GA, NE, NC, TX, and UT join.

OK (Liability) and OH (Liability) join CRL. KS, OK, and TN join the Property Program. CRL Staff increases to five.

Financial Crisis hits CRL. Member Equity drops to \$7,694,000

Member Equity increases to \$11,498,000.

CRL adopts its first Strategic Plan. Member Equity increases to \$16,242,000.

CRL Member Equity increases to \$26,582,000. CRL staff increases to six.

CRL Member Equity increases to \$34,679,000.

CRL starts a Cyber Liability Program and GA, NE, and NV join.

NM joins the Property Program. KS, NC, OH, OK, PA, and UT join the Cyber Liability Program.

MS (Liability) joins CRL. OH joins the Property Program. AL, KY, and TX join the Cyber Liability Program. CRL offers coverage for Drones. CRL staff increases to seven.

AL and MS join the Property Program. MS joins the Cyber Liability Program. Member Equity increases to \$55,585,000.

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016



MEMBERS OF CRL

Arizona Counties Insurance Pool, represented by Mr. William Hardy
Association County Commissioners of Georgia - Interlocal Risk Management Agency, represented by Mr. Ross King
Association County Commissioners of Georgia - Group Self-Insurance Workers' Compensation Fund, represented by Mr. Ross King
Association of Arkansas Counties Workers' Compensation Trust, represented by Mr. Chris Villines
Association of County Commissioners of Oklahoma Self Insured Group, represented by Mr. Dusty Birdsong
Association of County Commissions of Alabama Liability Self-Insurance Fund, represented by Mr. Sonny Brasfield
Association of County Commissions of Alabama Workers' Compensation Self Insurers' Fund, represented by Mr. Sonny Brasfield
County Risk Sharing Authority, represented by Mr. David Brooks
Kansas County Association Multiline Pool, represented by Mr. David Luke
Kentucky Association of Counties Workers' Compensation Fund, represented by Mr. Mark Miller
Kentucky Association of Counties - All Lines Fund, represented by Mr. Mark Miller
Local Government Property and Casualty Fund, represented by Mr. Robert Wormsley
Local Government Workers' Compensation Fund, represented by Mr. David Seivers
Mississippi Association of Supervisors Insurance Trust, represented by Mr. Derrick Surrette
Missouri Association of Counties Self-Insured Workers' Compensation Fund, represented by Mrs. Carol Green
Nebraska Intergovernmental Risk Management Association, represented by Mr. Craig Nelson
Nebraska Intergovernmental Risk Management Association II, represented by Mr. Craig Nelson
New Mexico County Insurance Authority Multi-Line Pool, represented by Mr. Ron Lethgo
New Mexico County Insurance Authority Workers' Compensation Pool, represented by Mr. Ron Lethgo
Nevada Public Agency Compensation Trust, represented by Mr. Wayne Carlson
Nevada Public Agency Insurance Pool, represented by Mr. Wayne Carlson
North Carolina Association of County Commissioners -
Joint Risk Management Agency Workers' Compensation Fund, represented by Mr. Michael Kelly
North Carolina Association of County Commissioners -
North Carolina Counties Liability and Property Joint Risk Management Agency, represented by Mr. Michael Kelly
Pennsylvania Counties Risk Pool, represented by Mr. John Sallade
Pennsylvania Counties Workers' Compensation Trust, represented by Mr. John Sallade
Texas Association of Counties Risk Management Pool, represented by Mr. Gene Terry
Utah Counties Indemnity Pool, represented by Mr. Johnnie Miller



DIRECTORS & OFFICERS OF CRL



Back Row: **Michael Kelly**, **Craig Nelson**, **Ron Lethgo**, **David Seivers**, **Mark Miller**, **John Sallade**

Front Row: **Andy Sargeant**, **Philip Bell**, **Ross King**, **Carol Green**, **Sonny Brasfield**, **Gene Terry**

Mr. Ron Lethgo, Chair
NEW MEXICO

Mr. Sonny Brasfield, Vice Chair
ALABAMA

Mrs. Carol Green, Secretary
MISSOURI

Mr. Craig Nelson, Treasurer
NEBRASKA

Mr. Michael Kelly
NORTH CAROLINA

Mr. Ross King
GEORGIA

Mr. Mark Miller
KENTUCKY

Mr. John Sallade
PENNSYLVANIA

Mr. Andy Sargeant
USA Risk Group of Vermont, Inc., (Resident Vermont Director)
VERMONT

Mr. David Seivers
TENNESSEE

Mr. Gene Terry
TEXAS



STAFF OF CRL



Mr. Philip E. Bell
Executive Director

Ms. Pamela E. Padgett
Marketing & Member Services Manager

Mr. Brent M. Wells
Underwriting Manager

Ms. Breana L. Lea
Reinsurance Analyst

Mr. Barrett A. Evans
Regional Claims Manager

Mr. Frank K. Peterson
Regional Claims Manager

Ms. Mary K. Johnson
Administrative Assistant



STANDING COMMITTEES OF CRL

Audit Committee

Chair: Mr. Ron Lethgo
Member: Mr. Sonny Brasfield
Member: Mrs. Carol Green
Member: Mr. Craig Nelson
Member: Mr. John Sallade
Member: Mr. Gene Terry
Member: Mr. Bob Wormsley

Bylaws Committee

Chair: Mr. Wayne Carlson
Member: Mr. Sonny Brasfield
Member: Mr. Johnnie Miller
Member: Mr. Craig Nelson
Member: Mr. Gene Terry

Claims Committee

Chair: Mr. David Uhlman
Member: Mr. Dusty Birdsong
Member: Mr. Michael Kelly
Member: Mr. Craig Nelson
Member: Mr. Henry Van Arcken

Investment Committee

Chair: Mr. Andy Sargeant
Member: Mr. Dave Brooks
Member: Mrs. Carol Green
Member: Mr. Johnnie Miller
Member: Mr. Mark Miller
Member: Mr. Mike Rebaleati
Member: Mr. David Seivers

Personnel Committee

Chair: Mr. Craig Nelson
Member: Mr. Sonny Brasfield
Member: Mrs. Carol Green
Member: Mr. Michael Kelly
Member: Mr. Ron Lethgo
Member: Mr. John Sallade

Strategic Planning Committee

Chair: Mr. Ross King
Member: Mr. Wayne Carlson
Member: Mr. Ron Lethgo
Member: Mr. Johnnie Miller
Member: *Vacant*

Underwriting Committee

Chair: Mr. Wayne Carlson
Member: Ms. Ashley Abercrombie
Member: Mr. Sonny Brasfield
Member: Mr. Dave Brooks
Member: Mr. Ron Lethgo
Member: Mr. David Luke
Member: Mr. Johnnie Miller
Member: Mr. Mark Miller
Member: Ms. Tracy Seiler

Meeting & Agenda Committee

Member: Mrs. Carol Green
Member: Mr. David Luke
Member: Mr. Johnnie Miller
Member: Mr. Mark Miller
Member: Mr. John Sallade



SERVICE PROVIDERS OF CRL

Brokerage and Risk Management Services

Marsh USA, Inc.

Captive Management and Accounting

USA Risk Group of Vermont, Inc.

Claims Management Services

Alternative Service Concepts, LLC

Consulting Actuary

By the Numbers Actuarial Consulting, Inc.

Financial Auditor

Johnson Lambert & Co., LLP

Legal Counsel

*Morris, Manning & Martin, LLP
Primmer Piper Eggleston & Cramer, PC*

Investment Advisor

Strategic Asset Alliance, Inc.

Investment Manager

Asset Allocation & Management, LLC

Cyber Liability Risk Control Services

NetDiligence



County Reinsurance, Limited

Audited Financial Statements

*Years ended December 31, 2016 and 2015
with Report of Independent Auditors*

County Reinsurance, Limited

Audited Financial Statements

Years ended December 31, 2016 and 2015

Contents

Report of Independent Auditors.....	1
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Audited Financial Statements:

Balance Sheets	2
Statements of Operations.....	3
Statements of Changes in Members' Contributions and Surplus.....	4
Statements of Cash Flows.....	5 - 6
Notes to the Financial Statements.....	7 - 21

Report of Independent Auditors

Board of Directors
County Reinsurance, Limited

We have audited the accompanying financial statements of County Reinsurance, Limited which comprise the balance sheets as of December 31, 2016 and 2015 and the related statements of operations, changes in members' contributions and surplus and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Reinsurance, Limited as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Burlington, Vermont
April 20, 2017
Firm Registration: 092-0000267

County Reinsurance, Limited

Balance Sheets

	At December 31,	
	2016	2015
Assets		
Cash and cash equivalents	\$ 4,913,668	\$ 5,255,339
Auction rate securities	350,000	350,000
Fixed-maturity securities, at fair value	200,687,853	182,569,322
Exchange traded funds, at fair value	10,064,918	7,951,137
Mutual funds, at fair value	2,397,812	2,124,600
Accrued investment income	1,037,011	922,808
Premiums receivable	8,297	51,439
Reinsurance recoverable - unpaid losses	5,046,256	4,516,634
Deferred policy acquisition costs	23,713	22,854
Property, furniture and equipment, net of accumulated depreciation	459,209	475,347
Prepaid reinsurance premiums	915,102	865,348
Other assets	171,781	169,202
Total Assets	<u>\$ 226,075,620</u>	<u>\$ 205,274,030</u>
Liabilities and Members' Contributions and Surplus		
Liabilities		
Losses and loss adjustment expenses	\$ 156,140,654	\$ 142,869,880
Unearned premiums	13,319,098	12,942,689
Accounts payable and accrued expenses	365,932	66,026
Premium taxes payable	62,298	60,604
Deferred ceding commission income	602,765	579,602
Total Liabilities	170,490,747	156,518,801
Members' Contributions and Surplus		
Members' contributions	11,071,974	10,820,675
Retained earnings	44,512,899	37,934,554
Total Members' Contributions and Surplus	<u>55,584,873</u>	<u>48,755,229</u>
Total Liabilities and Members' Contributions and Surplus	<u>\$ 226,075,620</u>	<u>\$ 205,274,030</u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Statements of Operations

	Years ended December 31,	
	<u>2016</u>	<u>2015</u>
Underwriting Revenue		
Premiums earned, net of reinsurance	\$ 30,897,291	\$ 29,448,895
Commission income	<u>1,407,574</u>	<u>1,340,857</u>
Total Underwriting Revenue	32,304,865	30,789,752
Underwriting Expenses		
Losses and loss adjustment expenses	29,554,894	26,963,870
Policy acquisition costs	211,440	209,769
Professional and management fees	202,491	287,490
General and administrative expenses	<u>1,511,122</u>	<u>1,398,238</u>
Total Underwriting Expenses	<u>31,479,947</u>	<u>28,859,367</u>
Operating Income	824,918	1,930,385
Investment Income		
Net investment income	5,471,032	1,398,686
Net realized gains on investments	<u>282,395</u>	<u>266,626</u>
Total Investment Income	<u>5,753,427</u>	<u>1,665,312</u>
Net Income	<u>\$ 6,578,345</u>	<u>\$ 3,595,697</u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Statements of Changes in Members' Contributions and Surplus

For the years ended December 31, 2016 and 2015

	<u>Members'</u> <u>Contributions</u>	<u>Retained</u> <u>Earnings</u>	<u>Total</u> <u>Members'</u> <u>Contributions</u> <u>and Surplus</u>
Balance at January 1, 2015	\$ 10,527,575	\$ 34,338,857	\$ 44,866,432
Proceeds from members' contributions	293,100	-	293,100
Net income	<u>-</u>	<u>3,595,697</u>	<u>3,595,697</u>
Balance at December 31, 2015	10,820,675	37,934,554	48,755,229
Proceeds from members' contributions	251,299	-	251,299
Net income	<u>-</u>	<u>6,578,345</u>	<u>6,578,345</u>
Balance at December 31, 2016	<u>\$ 11,071,974</u>	<u>\$ 44,512,899</u>	<u>\$ 55,584,873</u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Statements of Cash Flows

	Years ended December 31,	
	2016	2015
Cash Flows from Operating Activities		
Net income	\$ 6,578,345	\$ 3,595,697
Add (deduct) items not affecting cash:		
Amortization of bond premium/discount	528,494	546,338
Net realized gains on investments	(282,395)	(266,626)
Depreciation	19,196	20,818
Change in unrealized (gains) losses on assets held at reporting date	(674,017)	3,056,282
Changes in assets and liabilities:		
Accrued investment income	(114,203)	(1,530)
Premiums receivable	43,142	(22,321)
Reinsurance recoverable - unpaid losses	(529,622)	747,612
Deferred policy acquisition costs	(859)	(835)
Prepaid reinsurance premiums	(49,754)	82,313
Other assets	(2,579)	297,730
Losses and loss adjustment expenses	13,270,774	10,277,091
Unearned premiums	376,409	693,516
Accounts payable and accrued expenses	299,906	(35,567)
Premium taxes payable	1,694	2,043
Deferred ceding commission income	23,163	40,034
Net cash provided by operating activities	<u>19,487,694</u>	<u>19,032,595</u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Statements of Cash Flows - Continued

	Years ended December 31,	
	<u>2016</u>	<u>2015</u>
Cash Flows from Investing Activities		
Cost of investments acquired	(51,180,469)	(61,363,763)
Proceeds from sales and maturities of investments	31,104,095	42,027,743
Cost of property, furniture and equipment purchased	<u>(4,290)</u>	<u>(5,970)</u>
Net cash used in investing activities	<u>(20,080,664)</u>	<u>(19,341,990)</u>
Cash Flows from Financing Activities		
Proceeds from members' contributions	<u>251,299</u>	<u>293,100</u>
Net cash provided by financing activities	<u>251,299</u>	<u>293,100</u>
Net change in cash and cash equivalents	(341,671)	(16,295)
Cash and cash equivalents, beginning of year	<u>5,255,339</u>	<u>5,271,634</u>
Cash and cash equivalents, end of year	<u>\$ 4,913,668</u>	<u>\$ 5,255,339</u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Notes to the Financial Statements

Years ended December 31, 2016 and 2015

Note A - Organization and Significant Accounting Policies

Organization

County Reinsurance, Limited (CRL or the Company) was incorporated under the laws of the State of Vermont on June 20, 1997 and was issued a Certificate of Authority permitting it to transact the business of an industrial insured captive insurance company by the State of Vermont Department of Financial Regulation (the Department) on June 24, 1997. CRL commenced operations on July 1, 1997. CRL assumes various coverages from 27 public entity pools at December 31, 2016 and 2015. These public entity pools provide direct coverages to policyholders located in Alabama, Arkansas, Arizona, Georgia, Kansas, Kentucky, Mississippi, Missouri, Nebraska, Nevada, North Carolina, New Mexico, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas and Utah at December 31, 2016. As of December 31, 2016 and 2015, premiums from the three largest pools represent approximately 27% of gross written premiums.

Basis of Reporting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Financial Accounting Standards Board Accounting Standards Codification (ASC or the guidance).

Use of Estimates

Preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated subsequent events for disclosure and recognition through April 20, 2017, the date which these financial statements were available to be issued, and all events identified have been reflected within these statements.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note A - Organization and Significant Accounting Policies (Continued)

Fair Value Measurements

CRL's estimates of fair value for financial assets are based on the framework established in the fair value measurements and disclosures accounting guidance. The framework is based on the inputs used in valuation and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance hierarchy is based on whether the significant inputs into the valuation are observable.

In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions. The Company recognizes transfers between levels at the end of the reporting period. The three levels of the hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices for identical assets traded in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market corroborated inputs.

Level 3 – Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the inputs that market participants would use.

Fair Value Option

CRL has adopted the fair value option accounting guidance for its investment portfolio. As a result CRL measures its investment portfolio at fair value, with changes in unrealized gains and losses recorded directly to the statement of operations as a component of net investment income.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note A - Organization and Significant Accounting Policies (Continued)

Investments

Investments held by CRL at December 31, 2016 and 2015 consist of U.S. Treasury notes, obligations of U.S. government sponsored enterprises, corporate bonds, asset-backed securities, collateralized mortgage obligations, commercial mortgage-backed securities, municipal bonds, exchange traded funds and mutual funds. Investments are reported at their estimated fair values with unrealized gains and losses reported as a component of investment income within the statement of operations. Realized gains and losses on sales of investments are determined using the specific identification method. As more fully described in Note B, CRL holds trust accounts which provide collateral in the form of pledged securities in connection with various policies issued or assumed by the Company.

Auction Rate Securities

Auction rate securities are carried at amortized cost, which approximates fair value. In evaluating the fair value of auction rate securities, CRL considers the financial strength and credit rating of each securities' issuer. The investment grade rating of each issuer supports its ability to repay based upon contractual terms. Given CRL's ability to hold the securities until maturity and the issuers' ability to repay, the Company believes amortized cost to be a reasonable estimate of fair value. However, given current market conditions, certain auction rate securities held by CRL "failed" at auction during 2016 and 2015 which decreases the liquidity of these securities. All auction rate securities continued to be current on all required interest payments during 2016 and 2015.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CRL considers money market funds and all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are as follows at December 31:

	<u>2016</u>	<u>2015</u>
People's United Bank - operating account	\$ 202,069	\$ 98,008
U.S. Bank - cash & money market accounts	<u>4,711,599</u>	<u>5,157,331</u>
Total	<u>\$ 4,913,668</u>	<u>\$ 5,255,339</u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note A - Organization and Significant Accounting Policies (Continued)

The FDIC insures amounts on deposit with each financial institution up to limits as prescribed by law. The Company holds funds with financial institutions in excess of the FDIC insured amount, however, the Company has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property, Furniture and Equipment

Depreciation and amortization on property, furniture and equipment is recognized over the estimated service lives of depreciable assets. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes.

Recognition of Premium Revenue

Premiums assumed are earned ratably over the terms of the policies to which they relate. Premiums assumed relating to the unexpired portion of policies in force at the balance sheet date are recorded as unearned premiums. Premiums ceded pursuant to reinsurance agreements are expensed over the terms of the underlying policies to which they relate and are netted against earned premiums. Ceded premiums relating to the unexpired portion of underlying policies are recorded as prepaid reinsurance premiums.

The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected dividends to policyholders, unamortized deferred acquisition costs, and maintenance costs exceed unearned premiums and anticipated investment income. No premium deficiency reserve has been recorded as of December 31, 2016 and 2015.

Losses and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses reported in the financial statements includes case basis estimates of reported losses, plus supplemental amounts for projected incurred but not reported losses (IBNR) calculated based upon loss projections utilizing actuarial studies of the members' own historical loss data for periods prior to and subsequent to the creation of CRL and industry data. In establishing its liability for losses and loss adjustment expenses, CRL utilizes the findings of an independent consulting actuary. Management has recorded its reserves based on the actuary's best estimate and believes that its aggregate liability for unpaid losses and loss adjustment expenses at year end represents its best estimate,

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note A - Organization and Significant Accounting Policies (Continued)

based upon the available data, of the amount necessary to cover the ultimate cost of losses; however, because of uncertainty associated with the limited population of insured risks, economic conditions, judicial decisions, legislation and others reasons, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability at the balance sheet date. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Reinsurance Recoverable - Unpaid Losses

Reinsurance recoverable is comprised of estimated amounts of losses and loss adjustment expenses unpaid which are expected to be recoverable from reinsurers pursuant to reinsurance agreements. Such amounts have been estimated using actuarial assumptions consistent with those used to estimate the related liability for unpaid losses and loss adjustment expenses. Management believes that the reinsurance recoverable as recorded represents its best estimate of such amounts; however, as changes in the estimated ultimate liability for losses and loss adjustment expenses are determined, the estimated ultimate amount receivable from reinsurers will also change.

CRL relies on facultative reinsurance agreements to limit its insurance risk as described further in Note B. In the event that any or all of the reinsuring companies are unable to meet their obligations under existing reinsurance agreements, CRL would be contingently liable for such amounts. In preparing financial statements, management makes estimates of the amounts recoverable from reinsurers, which includes consideration of amounts, if any, estimated to be uncollectible based on assessment of factors including management's assessment of the creditworthiness of the reinsurers. Management evaluated the creditworthiness of its reinsurers and determined that no specific valuation allowance was required at December 31, 2016 and 2015.

Reinsurance Recoverable - Paid Losses

Reinsurance recoverable on paid losses includes amounts of losses and loss adjustment expenses paid by CRL, which are expected to be recoverable from the reinsurers pursuant to reinsurance agreements. Management has determined that no provision for uncollectible reinsurance recoveries is necessary as of December 31, 2016 and 2015.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note A - Organization and Significant Accounting Policies (Continued)

Commission Income

Commission income on business ceded to reinsurers and on excess liability and workers' compensation business placed directly by the policyholders through reinsurers are deferred and earned over the terms of the underlying policies to which they relate. Commissions relating to the unexpired portion of the underlying policies in force at the balance sheet date are recorded as deferred ceding commission income.

Deferred Policy Acquisition Costs

Premium taxes and other costs of acquiring business are deferred and amortized over the terms of the underlying policies to which they relate.

Note B - Insurance Activity

CRL assumes various liability coverages from member pools, on an occurrence and a claims-made basis, up to \$11 million inclusive of the individual pool retentions, which range from \$250,000 to \$1,000,000 and the insured corridor layer where applicable. CRL limits its risks to the first \$3 million per occurrence or claim (inclusive of the member retentions) through facultative reinsurance agreements with Lexington Insurance Company (Lexington).

CRL assumes workers' compensation coverage from various public entity pools with limits up to \$3 million per occurrence inclusive of individual pool retentions which range from \$500,000 to \$1,500,000 and the insured corridor layer where applicable. CRL also assumes workers' compensation coverage for several other pools from Safety National Casualty Corporation (SNCC) on an occurrence basis with a limit of up to \$3 million inclusive of the individual pool retentions, which range from \$500,000 to \$850,000 and the insured corridor layer where applicable. In addition, CRL assumes from SNCC a \$1.5 million aggregate corridor in excess of \$3 million for all policies issued to CRL member pools.

Effective July 1, 2012, CRL assumes property coverage from various public entity pools with limits up to \$2 million per occurrence (inclusive of member retentions).

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note B - Insurance Activity (Continued)

Effective July 1, 2014, CRL assumes the insurance pricing risk related to the placement of certain insurance coverages for members of CRL. These insurance coverages are provided by unrelated insurance carriers for layers which are in excess of the coverage provided by CRL. Differences, if any, between the final premium charged by the excess carriers and the initial quote are retained by CRL and recorded as a component of premium income. During 2016 and 2015, CRL recognized earned premiums of \$368,643 and \$408,596, respectively, which is reported within premiums earned on the Statements of Operations.

CRL holds a trust account with investments totaling \$11,699,839 and \$11,656,497 as of December 31, 2016 and 2015, respectively, for the benefit of United States Fidelity and Guaranty Company. This trust account is for fronted policies offered from 1997 to 2003.

CRL holds a trust account with investments totaling \$22,865,931 and \$20,965,698 as of December 31, 2016 and 2015, respectively, for the benefit of SNCC. This trust account is for fronted policies offered from 2004 to 2013.

CRL holds a trust account with investments totaling \$10,568,784 and \$9,388,944 as of December 31, 2016 and 2015, respectively, for the benefit of the Association of County Commissioners of Georgia Interlocal Risk Management Agency.

CRL holds a trust account with investments totaling \$9,327,301 and \$10,419,789 as of December 31, 2016 and 2015, respectively, for the benefit of the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund.

CRL holds a trust account with investments totaling \$969,135 and \$787,972 as of December 31, 2016 and 2015, respectively, for the benefit of the Kansas County Association Multiline Pool.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note B - Insurance Activity (Continued)

A reconciliation of assumed to net premiums, on both a written and an earned basis is as follows:

	2016		2015	
	Written	Earned	Written	Earned
Assumed	\$ 33,634,697	\$ 33,258,287	\$ 32,450,693	\$ 31,757,177
Ceded	<u>(2,410,750)</u>	<u>(2,360,996)</u>	<u>(2,225,969)</u>	<u>(2,308,282)</u>
Net Premiums	<u>\$ 31,223,947</u>	<u>\$ 30,897,291</u>	<u>\$ 30,224,724</u>	<u>\$ 29,448,895</u>

The components of the liability for losses and loss adjustment expenses and related reinsurance recoverable are as follows:

	2016	2015
Case-basis reserves	\$ 81,399,513	\$ 71,625,687
IBNR reserves	<u>74,741,141</u>	<u>71,244,193</u>
Gross reserves	156,140,654	142,869,880
Reinsurance recoverable	<u>(5,046,256)</u>	<u>(4,516,634)</u>
Net reserves	<u>\$ 151,094,398</u>	<u>\$ 138,353,246</u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note B - Insurance Activity (Continued)

Losses and loss adjustment expense activity is as follows:

	<u>2016</u>	<u>2015</u>
Liability as of January 1, net of reinsurance recoverable of \$4,516,634 and \$5,264,246	\$ 138,353,246	\$ 127,328,543
Incurred related to:		
Current year	25,480,177	25,048,492
Development of prior years	<u>4,074,717</u>	<u>1,915,378</u>
Total incurred during the year	29,554,894	26,963,870
Paid related to:		
Current year	(1,392,288)	(1,858,935)
Prior years	<u>(15,421,454)</u>	<u>(14,080,232)</u>
Total paid during the year	<u>(16,813,742)</u>	<u>(15,939,167)</u>
Liability as of December 31, net of reinsurance recoverable of \$5,046,256 and \$4,516,634	<u>\$ 151,094,398</u>	<u>\$ 138,353,246</u>

The 2016 unfavorable development of prior years is related to all lines of coverage. Total unfavorable development on workers' compensation coverage amounted to \$891,834, total unfavorable development on liability coverage amounted to \$227,780 and total unfavorable development on property coverage amounted to \$2,955,103.

The 2015 unfavorable development of prior years is related to the liability and property coverages. Total unfavorable development on liability coverage amounted to \$532,147 and total unfavorable development on property coverage amounted to \$1,787,360. These amounts were partially offset by total favorable development on the workers' compensation of \$404,129.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note C - Investments

The cost or amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values for investments in fixed-maturity securities by major security type and exchange traded funds and mutual funds by sector at December 31, 2016 are as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>Fixed-maturity securities:</u>				
U.S. Treasury notes	\$ 23,904,139	\$ 98,572	\$ (381,965)	\$ 23,620,746
Obligations of U.S. Government sponsored enterprises	50,717,853	463,582	(669,381)	50,512,054
Corporate bonds	67,846,401	807,493	(688,488)	67,965,406
Asset-backed securities	24,231,923	69,952	(66,633)	24,235,242
Collateralized mortgage obligations	266,428	55,847	(11,270)	311,005
Commercial mortgage-backed securities	21,108,443	257,655	(269,612)	21,096,486
Municipal bonds	<u>12,778,996</u>	<u>238,111</u>	<u>(70,193)</u>	<u>12,946,914</u>
Total fixed-maturity securities	<u>\$ 200,854,183</u>	<u>\$ 1,991,212</u>	<u>\$ (2,157,542)</u>	<u>\$ 200,687,853</u>
<u>Exchange traded funds:</u>				
Domestic stock funds	\$ 5,389,775	\$ 1,968,777	\$ -	\$ 7,358,552
International stock funds	1,688,138	83,833	-	1,771,971
Emerging market stock funds	<u>1,036,680</u>	<u>-</u>	<u>(102,285)</u>	<u>934,395</u>
Total exchange traded funds	<u>\$ 8,114,593</u>	<u>\$ 2,052,610</u>	<u>\$ (102,285)</u>	<u>\$ 10,064,918</u>
<u>Mutual funds:</u>				
High yield bond funds	<u>\$ 2,459,933</u>	<u>\$ -</u>	<u>\$ (62,121)</u>	<u>\$ 2,397,812</u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note C - Investments (Continued)

The cost or amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values for investments in fixed-maturity securities by major security type and exchange traded funds and mutual funds by sector at December 31, 2015 are as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>Fixed-maturity securities:</u>				
U.S. Treasury notes	\$ 21,394,708	\$ 197,505	\$ (73,802)	\$ 21,518,411
Obligations of U.S. Government sponsored enterprises	54,310,727	736,984	(506,940)	54,540,771
Corporate bonds	58,638,739	695,705	(907,213)	58,427,231
Asset-backed securities	24,018,923	21,466	(72,073)	23,968,316
Collateralized mortgage obligations	338,693	30,415	(8,027)	361,081
Commercial mortgage-backed securities	12,092,734	128,088	(107,303)	12,113,519
Municipal bonds	<u>11,376,681</u>	<u>276,633</u>	<u>(13,321)</u>	<u>11,639,993</u>
Total fixed-maturity securities	<u>\$ 182,171,205</u>	<u>\$ 2,086,796</u>	<u>\$ (1,688,679)</u>	<u>\$ 182,569,322</u>
<u>Exchange traded funds:</u>				
Domestic stock funds	\$ 4,941,403	\$ 937,534	\$ -	\$ 5,878,937
International stock funds	1,382,602	67,618	-	1,450,220
Emerging market stock funds	<u>800,123</u>	<u>-</u>	<u>(178,143)</u>	<u>621,980</u>
Total exchange traded funds	<u>\$ 7,124,128</u>	<u>\$ 1,005,152</u>	<u>\$ (178,143)</u>	<u>\$ 7,951,137</u>
<u>Mutual funds:</u>				
High yield bond funds	<u>\$ 2,301,869</u>	<u>\$ -</u>	<u>\$ (177,269)</u>	<u>\$ 2,124,600</u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note C - Investments (Continued)

Expected maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations without penalty. The scheduled maturities of bond investments at December 31, 2016 are as follows:

	Amortized Cost	Estimated Fair Value
Maturity:		
In 2017	\$ 9,682,968	\$ 9,697,116
In 2018-2021	48,719,198	49,253,407
In 2022-2026	45,194,320	44,610,353
Due after 2026	51,650,903	51,484,243
Mortgage and asset-backed securities	45,606,794	45,642,734
Total	<u>\$ 200,854,183</u>	<u>\$ 200,687,853</u>

During 2016 and 2015 CRL recognized gross realized gains on sales of investments of \$363,276 and \$334,904, respectively. During 2016 and 2015, CRL recognized gross realized losses on sales of investments of \$80,881 and \$68,278, respectively.

The Company has adopted the fair value guidance for financial instruments. Accordingly, market value adjustments related to the change in unrealized gains or losses on fixed maturity and equity securities held as of the reporting date are included as a component of net investment income on the statements of operations. Investment income for the years ending December 31, 2016 and 2015 is summarized as follows:

	2016	2015
Investment Income:		
Fixed-maturities	\$ 4,761,649	\$ 4,487,305
Exchange traded funds and mutual funds	365,620	295,124
Auction rate securities	10,382	9,553
Cash and short-term investments	3,199	2,078
Change in net unrealized gains (losses) on assets held at reporting date	674,017	(3,056,282)
Gross investment income	5,814,867	1,737,778
Investment expenses	(343,835)	(339,092)
Net investment income	<u>\$ 5,471,032</u>	<u>\$ 1,398,686</u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note C - Investments (Continued)

The following tables present the level within the fair value hierarchy at which CRL's fixed-maturity investments are measured on a recurring basis as of December 31, 2016 and 2015:

<u>December 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Fixed-maturity securities:</u>				
U.S. Treasury notes	\$ 23,620,746	\$ -	\$ -	\$ 23,620,746
Obligations of U.S. Government sponsored enterprises	-	50,512,054	-	50,512,054
Corporate bonds	-	67,965,406	-	67,965,406
Asset-backed securities	-	24,235,242	-	24,235,242
Collateralized mortgage obligations	-	311,005	-	311,005
Commercial mortgage- backed securities	-	21,096,486	-	21,096,486
Municipal bonds	-	12,946,914	-	12,946,914
Total fixed-maturity securities	<u>\$ 23,620,746</u>	<u>\$ 177,067,107</u>	<u>\$ -</u>	<u>\$ 200,687,853</u>
<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Fixed-maturity securities:</u>				
U.S. Treasury notes	\$ 21,518,411	\$ -	\$ -	\$ 21,518,411
Obligations of U.S. Government sponsored enterprises	-	54,540,771	-	54,540,771
Corporate bonds	-	58,427,231	-	58,427,231
Asset-backed securities	-	23,968,316	-	23,968,316
Collateralized mortgage obligations	-	361,081	-	361,081
Commercial mortgage- backed securities	-	12,113,519	-	12,113,519
Municipal bonds	-	11,639,993	-	11,639,993
Total fixed-maturity securities	<u>\$ 21,518,411</u>	<u>\$ 161,050,911</u>	<u>\$ -</u>	<u>\$ 182,569,322</u>

As of December 31, 2016 and 2015, all exchange traded and mutual funds are classified as level 1 within the fair value hierarchy.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note D - Federal Income Taxes

CRL is a corporation formed to provide various types of insurance and reinsurance coverages solely to its members who are non-profit, risk-sharing pools of political subdivisions of states. CRL received approval to be tax exempt from federal income taxes pursuant to Section 115 of the Internal Revenue Service Code. Accordingly, no provision for federal income taxes is included in the accompanying financial statements. CRL does not believe it has taken any uncertain tax positions that would jeopardize its federal income tax exemption status.

Note E - Service Agreements and Related Party Transactions

Accounting and reporting services, records retention and other management services are provided by USA Risk Group of Vermont, Inc. (USA Risk). An employee of USA Risk is a director and officer of the Company. Marsh Inc. provides brokerage and risk management services. Alternative Services Concepts, LLC provides claims auditing and management services.

CRL employs an Executive Director whose responsibilities include supervising all contractors, vendors, and service providers engaged by CRL. The Executive Director also supervises all CRL employees who assist with underwriting, claims management and other administrative functions.

The Company sponsors a simplified employee pension individual retirement arrangement (SEP-IRA) for its employees. The Company does not offer any post employment benefits.

Note F - Property, Furniture and Equipment

CRL owns condominium office space in Clemmons, North Carolina. Property, furniture and equipment consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Real estate	\$ 567,544	\$ 567,544
Furniture and equipment	65,163	64,617
Less: accumulated depreciation	<u>(173,498)</u>	<u>(156,814)</u>
Property, furniture and equipment, net	<u>\$ 459,209</u>	<u>\$ 475,347</u>

Depreciation expense of \$19,196 and \$20,818 for the years ended December 31, 2016 and 2015, respectively, is included in general and administrative expenses.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2016 and 2015

Note G - Loss Contingency

CRL is subject to various legal proceedings, claims, and liabilities which arise in the ordinary course of operations. In the opinion of CRL's management, the ultimate resolution of these matters will not have a material adverse impact on the Company's financial position or results of operations.

Note H - Members' Contributions and Surplus

In accordance with laws of the State of Vermont, for the purpose of submitting its financial statements to the State for regulatory purposes, CRL is required to use GAAP with the exception of variances prescribed by Vermont laws and regulations or permitted by the Department. Pursuant to laws of the State of Vermont, CRL is required to maintain members' contributions and surplus of \$500,000. Members' contributions and surplus was \$55,584,873 and \$48,755,229 at December 31, 2016 and 2015, respectively.

CRL is owned by 27 members at December 31, 2016 and 2015. Each member pool made an initial contribution based on a percentage of its net reinsurance premium. Additional contributions may be required from member pools as determined by the Company. Additional contributions totaled \$251,299 and \$293,100 in 2016 and 2015, respectively.

Upon a withdrawal or termination of a member, the member may request repayment of the original contribution plus a portion of CRL's earnings accumulated during its membership. The repayment may be granted at the discretion of the Board of Directors with prior approval from the Department. Repayment, subject to approval, can be paid in either a lump sum or in installments up to a maximum period of five years.

Vermont law provides that no dividends may be paid to shareholders without prior approval of the Insurance Commissioner of the Department. There have been no dividends declared or paid in 2016 and 2015.

There are no differences, other than rounding, between members' contributions and surplus and net income as reported in the 2016 and 2015 Vermont Captive Insurance Company Annual Reports and the corresponding amounts reported in these financial statements.



CRL Members and Staff at Spring 2017 Board Meeting



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